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IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Report of the Secretary-General

SUMMARY

In its schedule for follow-up, monitoring and evaluation, the United Nations New Agenda for the Development of Africa in the 1990s provided for the mid-term review of its implementation in 1996. In its resolution 50/160 A of 22 December 1995, the General Assembly, acting on this provision, decided to establish an ad hoc committee of the whole of the fiftieth session of the General Assembly to conduct the mid-term review and to submit its report to the Assembly at its fifty-first session and requested that the Secretary-General submit a report on the implementation of the New Agenda with inputs from Governments and organizations of the United Nations system as well as from intergovernmental bodies, in particular the Organization of African Unity (OAU), and non-governmental organizations.

The present report reviews some critical development issues affecting the implementation of the New Agenda and recommends measures to accelerate this implementation and generally to foster sustained and sustainable growth and development in Africa. The imperative tense is used in order to highlight these measures. The annex to the report gives an account of the performance in the implementation of the New Agenda, focusing on efforts by all respective parties concerned.

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Section II of the report raises a number of priority issues facing Africa in the 1990s. These issues include good governance, human development and capacity-building, mobilization of resources, including domestic and foreign direct investment, trade, commodity diversification and industrial development. The report recommends the following:

(a) To improve governance, it is important that African countries pursue and strengthen further the democratization process and enhance an institutional framework that ensures the rule of law, promotes a strong and participatory civil society, allows a free and independent press, ensures the functioning of an independent, efficient and reliable judicial system and civil service and a strong partnership between Government and the private sector, as well as non-governmental organizations and grass-root organizations;

(b) Conflict prevention, management and resolution should be actively pursued, with African countries taking required measures within appropriate mechanisms;

(c) To enhance human development and capacity-building, African countries need to allocate adequate resources for this purpose. Some of the additional resources for human development and capacity-building could be mobilized through reductions in unproductive public spending. On the other hand, public expenditure on human development should be increased. Where inadequate, health care systems should be expanded and made more efficient with the help of the private sector. Similarly, education systems should be strengthened by improving basic skills for further learning and expanding educational opportunities for all, particularly girls and women. An interrelated aspect of capacity-building is the effective deployment and utilization of human resources developed through educational training and the provision of health and other social services. The Programme of Action of the International Conference on Population and Development, the Dakar/Ngor Declaration on Population, Family and Sustainable Development and the Beijing Declaration and Platform for Action should be implemented by African countries;

(d) To mobilize development resources, it is essential for African countries to encourage public savings by implementing efficient taxation policies, rationalizing public expenditure and creating the conditions for increasing private savings by strengthening financial intermediation structures and adopting appropriate interest rate policies. Export earnings are also critical in mobilizing development resources. Therefore, African countries should attempt to restructure the composition of exports and develop niche markets for them. To attract foreign direct investment, African countries will have to ensure political and macroeconomic stability; encourage the development of the private sector; improve infrastructure, paying particular attention to strengthening technological capacities and the development of the telecommunications and information systems; improve financial intermediation and facilitate direct capital transfers between private institutions through money markets and banks; and encourage factor mobility among African countries by establishing subregional clearing-houses,

promoting convertibility of subregional currencies and allowing mobility of capital;

(e) The principles of full partnership and shared responsibility call for the international community to provide adequate and assured support for the implementation of the New Agenda. To do so, the international community should improve the level, scope and modalities of its assistance. This would include channelling assistance towards Africa's development priorities and switching to non-debt-creating assistance;

(f) Key development partners should also extend to African countries exemption from trade rules relating to the elimination of subsidies and liberalization requirements and at the same time promote diversification of Africa's economic base, especially commodities. The international community should make an "adequate special contribution" to finance the preparatory phase of commodity diversification projects and programmes as called for by the General Assembly in its resolution 49/142 of 23 December 1994;

(g) The donor community should take additional and decisive measures to alleviate Africa's external debt burden. These measures could include, inter alia, extending the limit for debt reduction beyond the Naples Terms, taking into account the specific requirements of each country, including its ratio of debt service to savings; encouraging multilateral financial institutions to do the same for highly indebted poor countries; and supplementing existing strategies for debt reduction with adequate adjustment policies and concessional aid flows;

(h) The coordination of multi-donor assistance is also critical to increasing the efficiency and effectiveness of development assistance. This objective could be strengthened by the support of coherent sector strategies with common implementation and follow-up arrangements and focused efforts on building national implementation capacities.

Section III of the report contains the conclusions.

The annex reviews the efforts made by African countries and the international community in implementing the New Agenda. These are as follows:

(a) There has been a significant improvement in the overall economic performance with the number of countries recording negative growth rates dropping from 19 in 1993 to 3 in 1995. Also, the number of countries that achieved the target of 6 per cent annual growth rate in the gross domestic product increased from 3 in 1992 to 12 in 1995;

(b) Consistent with the Abuja Treaty, which came into force in 1993, African countries have incorporated significant institutional changes to reinforce and rationalize cooperation mechanisms. A regional dimension of African development has been integrated into subregional efforts in implementing economic reforms and liberalizing trade;

(c) The majority of African countries have engaged, although with mixed results, in constitutional reform. During the past five years, multi-party elections have become commonplace in political life and civic organizations have emerged in nearly every country;

(d) The drive towards redefining the respective roles of the State and the private sector is now fostered in many countries. The increased awareness of the key role of the private sector is being translated in several initiatives to promote private entrepreneurship as well as improving the business environment. Beyond privatization, a number of Governments have revised their foreign investment legislation to make their countries more investment-friendly, including lifting restrictions on investment in sectors previously classified as sensitive;

(e) The development of the food and agricultural sector has been central to most of the economic reforms in Africa. Policies aimed at domestic trade facilitation have benefited farmers and food traders. Similarly, agricultural commodity exporters have profited from tax reforms as well as monetary adjustment. For the improvement of access to food by the poorest groups, some countries were able to establish early warning systems and safety nets to cope with famines and food-related disasters;

(f) African Governments have allowed and promoted the participation of African and non-African non-governmental organizations in national development programmes. In some countries, mechanisms have been established for continuous consultations between Governments and non-governmental organizations. The new climate of confidence has allowed non-governmental organizations to figure as key partners in fostering community participation and implementing self-help programmes. They have also adhered to recent international programmes of action for human development which require more resources to develop community health care systems, to maintain and expand social facilities, to reform education system with more focus not only on literacy but also on skills development and to control major epidemics, including the human immunodeficiency virus (HIV)/acquired immunodeficiency syndrome (AIDS);

(g) Environment awareness has found expression in several regional and local initiatives. Many countries have adopted national environment action plans and encouraged participatory community actions aimed at the control of desertification. Many Governments have undergone a change in attitude regarding population policy and its relation to production and the environment. A number of measures are now being taken, including awareness-raising with regard to the control of family size, the education of girls and the status of women;

(h) The international community has made significant efforts in supporting Africa's economic recovery and social development. While financial flows to Africa from the donor communities stagnated at a level below what was expected, several measures taken by the donor community have helped reduce the debt burden for highly indebted low-income countries. So far, African countries have continued to benefit from trade preferences and export

compensatory mechanisms. However, more needs to be done to alleviate further the debt burden, to increase official development assistance and to support the development of capacities and the upgrading of infrastructure;

(i) The United Nations continues to mobilize international support for Africa, to keep African development on the international agenda for the 1990s and to allocate increased resources to programmes on Africa. Despite budget constraints the drive towards a system-wide coordinated approach culminated in the launching, in March 1996, of the Special Initiative on Africa;

(j) As evidenced in the report, the great majority of African countries have consistently taken appropriate actions to achieve sustained and sustainable growth and development, including, in particular, political and economic reforms. As a result, signs of tangible progress are noticeable. At this critical point, the international community should accelerate its support to these countries in order to sustain the momentum leading to recovery and sustainable development.

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I. INTRODUCTION

1. The conclusion that emerged from the final review and appraisal of the implementation of the United Nations Programme of Action for African Economic Recovery and Development conducted in September 1991 was that the economic and social crisis facing the African continent since the early 1980s had continued unabated. There was ample evidence that Africa had achieved little progress despite the fact that more than 30 African countries had embarked on political and economic reforms through structural adjustment programmes. Only a few signs of recovery were noticeable, while the overall outlook was simply bleak. The structural constraints to growth had continued and the social situation as suggested by the declining trends in major social indicators, especially the increase in poverty, continued to give rise for concern.

2. It is in this context, and based on Africa's submission, that the General Assembly unanimously adopted on 18 December 1991 the United Nations New Agenda for the Development of Africa in the 1990s (sect. II of the annex to resolution 46/151). In this new political compact, African countries clearly reaffirmed the primary responsibility of Africans for the economic and social development of the continent. The international community committed itself to support Africa's efforts. A major feature of the New Agenda was the principle of shared responsibility and full partnership for the achievement of the desired goals, including, inter alia, an annual average growth rate of 6 per cent of gross domestic product by African countries and a minimum of net official development assistance of US$ 30 billion in 1992, which would increase at an annual average rate of 4 per cent thereafter.

3. As adopted by the General Assembly, the New Agenda underscored a mutuality of commitments and responsibility by Africa on the one hand and the international community on the other. Africa committed itself to focus its efforts on: (a) the restoration of peace and social stability; (b) the achievement of sustained and sustainable growth and development; (c) the promotion of regional and subregional economic cooperation and integration; (d) the improvement of living standards, equality of opportunity for women and the intensification of the democratization process; (e) the promotion of investment; (f) the development of human resources and capacity-building; (g) the protection of environment and the promotion of sustainable development; (h) the integration of population factors into the development process; (i) the pursuit of agricultural and rural development policies and strategies in order to integrate fully rural economies in their national context, achieve food security and strengthen self-reliance in food; (j) the intensification of South-South cooperation; and (k) the increased role of non-governmental organizations.

4. For its part, the international community pledged to provide full and tangible support to Africa in its efforts to achieve sustained and sustainable growth and development. Such support would primarily cover: (a) a solution to Africa's debt problem; (b) increased resource flows; (c) enhancing Africa's export earnings by providing more open access to markets and by supporting the diversification of African economies, especially of commodity diversification;

(d) regional economic integration; and (e) arresting environmental degradation and enhancing scientific and technological capacities.

5. The United Nations system was expected to play a major role in the implementation of the New Agenda by devising a system-wide plan of action for Africa consistent with the elements of the New Agenda, and devoting adequate resources for its implementation. In accordance with the established schedule, the Secretary-General was requested to report on the implementation of the New Agenda to the General Assembly and the Economic and Social Council. The non-governmental organizations were called upon to play an increased role in various areas of the New Agenda, including, in particular, the promotion of indigenous small-scale businesses, community development projects, training, the mobilization and efficient utilization of domestic resources and the formulation and implementation of development assistance projects.

6. Political support to the New Agenda was reaffirmed by the Tokyo International Conference on African Development, held in October 1993 and co-organized by the Government of Japan, the Global Coalition for Africa and the United Nations. The Conference adopted the Tokyo Declaration on African Development, which underscores the determination of African countries and their development partners to strengthen their collective forward-looking efforts for the development of Africa, within the priorities set by the New Agenda. As a follow-up to the Tokyo International Conference on African Development, the Asia-Africa Forum: Sharing of Experiences was held at Bandung, Indonesia, in December 1994 to enhance Asian-African cooperation. As part of an effort to relaunch development of the continent and to reaffirm Africa's primary responsibility and ownership of its development, the Council of Ministers of the Organization of African Unity (OAU) held an extraordinary session at Cairo in March 1995 in which it conducted an in-depth and critical review of the political, economic and social situation in the continent. The session concluded with the adoption of the Cairo Agenda for Action, which was endorsed by the OAU Assembly of Heads of State and Government in June 1995 (see A/50/647, annex II).

7. The New Agenda is a global political compact that integrates the objectives of other initiatives on Africa, such as the Abuja Treaty establishing the African Economic Community (AEC); Agenda 21 on environment and development; the Dakar-Ngor Declaration on Population, Family and Sustainable Development; the Human Development for Africa for the 1990s; the Second Industrial Development Decade in Africa; the Second United Nations Transport and Communications Decade for Africa; and the African Platform for Action adopted by the Fifth Regional Conference on Women at Dakar. It should, therefore, not be seen as an instrument to be implemented in isolation from other programmes adopted in the major areas of social and economic development.

8. The objectives, goals and priority areas set out in the New Agenda are carried forward and reinforced by other global major programmes originating from United Nations conferences and include Agenda 21 adopted by the United Nations Conference on Environment and Development; the Programme of Action of the International Conference on Population and Development; the United Nations Programme of Action for the Least Developed Countries for the 1990s; the Copenhagen Declaration and the Programme of Action adopted by the World Summit

for Social Development; the Beijing Declaration and Platform for Action adopted at the Fourth World Conference on Women; and the Istanbul Declaration and Habitat Agenda adopted by Habitat II. In the light of these existing instruments, it is essential for African countries to design policies and strategies to address their economic and social problems and for the international community to support their efforts boldly.

9. The present report is prepared pursuant to General Assembly resolution 50/160 A and is based on the analysis of data and information gathered from several sources, including African Member States that responded to that effect to a questionnaire prepared by the Economic Commission for Africa (ECA), and relevant reports by international organizations, essentially within the United Nations system. The report has adopted the same structure as the one submitted by the Secretary-General to the high-level segment of the Economic and Social Council, in July 1995, on 'The Development of Africa, including the implementation of the United Nations New Agenda for the Development of Africa in the 1990s' (E/1995/81). It reviews the critical issues requiring further consideration which also constitute obstacles to the full implementation of the New Agenda during the second half of the 1990s and beyond and presents recommendations for enhancing its implementation. It reviews and analyses actions taken by the African countries, the donor community, the United Nations system, non-governmental organizations and other countries and entities for the implementation of the New Agenda since its inception in December 1991. This review and analysis, presented in the annex to the present report, is based on a report prepared by ECA in response to the request contained in General Assembly resolution 50/160 A.

II. CRITICAL ISSUES FOR FURTHER CONSIDERATION AND RECOMMENDATIONS FOR ENHANCING THE IMPLEMENTATION OF THE NEW AGENDA

10. The implementation of the New Agenda in the first half of the 1990s has resulted in several achievements, including an unprecedented change in the landscape of African political economy and an improved climate for international development cooperation. Although by 1995 more African countries than in 1991 had made significant achievements in a number of key areas, the overall situation was characterized by some uncertainties. For the effective implementation of the New Agenda, Africa and the international community need to give particular consideration to the areas that would contribute most to consolidating the basis for achieving a substantial breakthrough.

A. At the level of African countries

11. At the level of African countries, the range of policy priorities deserving reinforced commitment include good governance, human development and capacity-building, mobilization of domestic resources and foreign direct investment, trade, commodity diversification and industrial development.

1. Good governance

12. Good governance has been identified by recent regional and international programmes of action as a prerequisite to sustained and sustainable growth and development, including poverty eradication. In its resolution on the Relaunching of Africa's Economic and Social Development: the Cairo Agenda for Action adopted in March 1995 (see A/50/647, annex II), the OAU Council of Ministers recognized and resolved "that good governance, peace, security and stability and justice are among the most essential factors in African socio-economic development". The Council forcefully recommended that all African countries take the necessary measures to "ensure the speedy promotion of good governance, characterized by accountability, probity, transparency, equal application of the rule of law, and a clear separation of powers, as an objective and a condition for rapid and sustainable development in African societies".

13. Sustainable development cannot occur without peace, which requires proactive efforts towards conflict prevention, management and resolution. Most African countries now recognize these links and are actively engaged in initiatives for peace-building through, for example, training programmes on conflict resolution and post-conflict reconstruction.

14. To consolidate the democratization process and improve governance, further concrete steps need to be taken at the national level:

(a) To create an institutional framework that: (i) assures wider participation in decision-making and implementing processes and facilitates the emergence of a strong, viable and assertive civil society; (ii) promotes open dialogue with all groups, be they ethnic, religious or regional; (iii) intensifies the democratization process; and (iv) guarantees the rule of law, accountability and transparency of Government;

(b) To allow free and independent media and encourage scrutiny by the free press of Government and/or public agencies and bodies;

(c) To ensure the establishment and functioning of an objective, independent, efficient and reliable judicial system;

(d) To institute mechanisms for promoting peace, political stability and security;

(e) To create a developmental State by establishing an efficient, motivated and dedicated civil service and by maintaining a strong partnership between the Government and the private sector.

2. Human development and capacity-building

15. Human resources in many African countries are inadequately developed as is evident from the limited access of the population to education at all levels, health and other social services; the high levels of unemployment and underemployment, particularly among the youth and women; and the low levels of

income and productivity of the labour force. Thus, matching available human resource endowment with actual requirements is one of the most critical problems facing Africa in its endeavour to achieve sustainable development.

16. A major challenge from the mid-1990s and beyond will be to overcome these constraints and to ensure that human capacities are solidly built to catalyse the socio-economic development process. To this end, African countries should endeavour to translate their commitments to the development of human resources into realistic and concrete measures, particularly in the following priority areas: (a) expanding and increasing the efficiency of health care systems; (b) implementing coherent population policies; (c) strengthening the education systems; (d) enhancing scientific and technological capacities; and (e) utilizing human resources efficiently.

17. Good health is essential to sustainable development. Health sector reform should be put in place to ensure more equity in service delivery and more efficiency. This calls for rebuilding, upgrading and expanding the delivery of services to reach a much wider population. Since the Government alone would be unable to meet the needs in the health and education sectors, measures would have to be designed to induce a greater participation of the private sector and community-based organizations in the delivery of health services.

18. Population, patterns of production and consumption, poverty and environment and the empowerment of women are so closely and intricately interrelated that none of them can be considered in isolation. At its current annual rate, population growth already outstrips many national efforts aimed at food security, employment, poverty eradication and social progress. Comprehensive population policies and programmes that address the specific long-term development goals of a country should be formulated and implemented as integral components of macro- and sectoral development strategies. Programmes for the provision of reproductive health information and services, including for family planning, should be strengthened and expanded. Empowerment of women and their greater participation in development efforts is a basic and cardinal prerequisite for sustainable development.

19. The Programme of Action of the International Conference on Population and Development and the Dakar/Ngor Declaration on Population, Family and Sustainable Development, recommend a set of measures that African countries should endeavour to implement. These include the following specific population and development goals:

(a) To integrate population policies and programmes in development strategies, focusing on strengthening social sectors to increase access of the population to such services and working towards bringing down the natural population growth rate from 3.0 to 2.5 per cent by the year 2000 and to 2.0 per cent by 2010;

(b) To ensure the availability and promotion of the use of all tested available contraceptive and fertility regulation methods, including traditional and natural family planning, with a view to doubling the contraceptive prevalence rate;

(c) To aim, by the year 2000, for the region as a whole, for a life expectancy at birth of at least 55 years, an infant mortality rate of less than 50 per 1,000 live births and a childhood mortality rate of 70 per 1,000 or less and, furthermore, to develop and implement programmes to reduce maternal mortality by at least 50 per cent from the 1990 level by the year 2000. Such programmes should include family planning services and studies in order to reduce the increasing incidence of unsafe abortion, estimated to cause 30 to 50 per cent of maternal mortality in parts of Africa.

20. Progress towards achieving universal primary education should be intensified with a view of providing basic skills for further learning. African Governments have committed themselves to the spread of literacy and basic education, with the support of the international community and within the context of the Jomtien Strategies on Education for All. Governments of the region should pursue these strategies with determination. However, the immediate challenge is to remove actual constraints to enrolment and to adapt curricula and service to country specificities and to the region's current and future socio-economic development needs.

21. In most African countries, the private sector participates actively in the pre-primary, primary and secondary education systems. It should be encouraged to venture into post-secondary vocational and technical education and teacher training. Activities such as the production of instructional materials, including textbooks, hold much promise for private sector involvement.

22. The problem of unemployment and underemployment in African countries has proved to be intractable and persistent over the years. Smallholder agriculture, the largest employment sector in the economy, is beset by problems of low skill levels, low application of science and technology to production, and hence low productivity. The private sector can play a major role in rapid technological development in the vital sectors of African economies. There is also a need to facilitate the development of informal sector enterprises, which employ more than 60 per cent of the urban labour force.

23. It is also important that efforts be made to exploit all of Africa's human potential. Women, who constitute more than 50 per cent of the total population, make up only 37 per cent of the labour force and, generally, either participate at lower levels of skill or in low-productivity activities. In many places, the status of women depends on their reproductive status. The average woman in most African countries bears more than six children. Because of a combination of high maternal mortality and high fertility, she has a 1 in 21 lifetime risk of death from pregnancy-related causes. More than 600 mothers die for every 100,000 live births in Africa. Teenage pregnancy is high and rising in many countries. The adoption of the African Platform for Action at the Fifth Regional Conference on Women held in Senegal in 1994 and the Beijing Declaration and Plan for Action (1995) is a renewed commitment by African countries to integrating women in the development process of their countries. National and international efforts should be accelerated towards the implementation of the Platform for Action, and the progress achieved in this regard monitored and evaluated.

3. Mobilization of domestic resources and foreign direct investments

24. To implement the New Agenda effectively and support Africa on the path of economic recovery and robust sustainable development, massive amounts of resources are required. In line with Africa's proclaimed commitment of maximizing self-reliance, most of the resources needed in Africa will have to be domestically mobilized, even though external assistance will remain essential, especially for the least developed countries in Africa.

25. What is critically needed is a significant increase in the rates of savings by households, enterprises and the State. It will also be necessary to promote the establishment of efficient domestic intermediating institutions for the mobilization of resources and their channelling to efficient application. The creation of a favourable economic climate as a result of peace, security, stability and improved governance could enhance investor confidence, arrest and reverse capital flight and help to attract foreign direct investment.

26. Some of the measures proposed to enhance domestic resource mobilization include: (a) raising public revenue by restructuring taxation and improving efficiency in tax collection; (b) controlling public expenditure, focusing public expenditure on priority needs and tightening procurement procedures; (c) increasing private savings by adopting an appropriate interest rate policy, mobilizing community resources efficiently and encouraging the operations of informal financial institutions, such as "tontines" in West and Central Africa, in productive activities; and (d) reviving external trade by increasing Africa's share of world trade. For Africa to recapture and increase its share of the world market that was lost in the 1980s, African countries should create competitive niches in the world market, especially in the industrial and services sectors, and change its exports by increasing the production of manufactured goods for export.

27. To attract domestic as well as foreign direct investment, it is important to improve the overall business climate, particularly through the following main measures: (a) ensure political stability and, in this context, social stability is important to promote economic growth and development, to avoid capital flight and to attract fresh resources from outside; (b) demonstrate accountability and transparency; (c) sustain the momentum of growth and macroeconomic stability by the adoption of appropriate fiscal, monetary and financial policies; (d) curtail and better control non-productive expenditures, such as military expenditures; (e) support African entrepreneurial drive and private initiative and, therefore, nurture the private sector by promoting it and giving it a greater role in spearheading the acceleration of economic growth; and (f) develop and maintain infrastructural facilities.

28. Efficient telecommunications facilities are a vital element of basic infrastructure. The most recent advances in informatics and telecommunications allowing the rapid transmission of vast amount of data on the global electronic highway gives foreign firms the ability to redeploy production activities over a wide geographical area while maintaining low costs and retaining quality. Access to reliable and modern telecommunications services is not only crucial to the performance of domestic firms and markets, but it is also a determinant of

foreign investment location. Therefore, particular attention should be paid to developing telecommunications, current efforts should be boosted and increased investment should be made in this sector.

29. The improvement of the financial institutional infrastructure is another important measure that would need utmost attention. In this respect the measures that could be considered by African countries include: (a) facilitating increased direct capital transfers between private institutions through money markets, banks, etc.; (b) facilitating financial transactions and transfer among African countries; and (c) deepening and improving financial intermediation by implementing the recommendations in the report of the Secretary-General entitled "Towards advancing financial intermediation in Africa" (A/50/490). It was recommended in the report that African countries should support and promote various bank and non-bank financial institutions; devise and promote the development of a variety of financial instruments and develop and implement specific instruments in accordance with the circumstances of countries. In addition, they should strengthen the ability of financial institutions such as the postal system, credit unions and cooperatives and credit institutions sponsored by non-governmental organizations to mobilize small savings.

4. Trade, commodity diversification and industrial development

30. Many African countries continue to rely on the export of two to three primary commodities for the bulk of their export earnings. However, this dependence on a limited number of primary commodities has had severe adverse effects on the ability of African countries to absorb the cyclical shocks or world recessions. Furthermore, the producers of primary commodities are faced with a severe reduction in the purchasing power of agricultural exports owing to a general downward trend in demand and prices. Because of their narrow export base, the erosion of preferential markets, as a result of the Uruguay Round agreements, has had an adverse effect on their overall export earnings, limiting their gains in improved access in other categories.

31. African Governments need to diversify their economies. A diversified economy strengthens links among the various sectors of the economy and leads to the development of other sectors of the economy, such as transportation, communications and finance. It is also critical to improving the sustainability of production and the reduction of environmental stress. Vertical diversification, through increased processing to enhance the value of existing commodities, and horizontal diversification, through the production of a wider range of exports for the domestic and external markets, including the development of new uses for traditional commodities, lead to increased job opportunities and higher incomes. Higher income improves access to food by the poor. In order to become more closely integrated into the global economy, African countries also need to increase their export of products and services and to develop niche markets, for which there is an increasing international demand.

32. To do so, African countries could put more priority on diversification in their development policies and investment programmes and create an enabling

environment by fostering private sector initiatives in this area, making infrastructural improvements and strengthening human resources and technological capacity, particularly in the area of production, processing and marketing.

33. Industrial development is central to structural transformation of African economies; to the increase in national production, employment and incomes; and to the diversification of Africa's exports. At present, the level of industrial development in many African countries is low, characterized by inefficient technology inputs and high operating costs.

34. It is therefore critical that national policies and programmes be formulated for the accelerated industrial development of African countries. To this end, priority attention should be given at the national level to: (a) the effective implementation of the Programme for the Second Industrial Development Decade for Africa; (b) the strengthening of the subregional and regional institutions in the fields of science, technology, engineering, management and industrial standardization and quality control; and (c) the development and strengthening of indigenous entrepreneurial capability, with special focus on micro, small- and medium-scale enterprises.

B. At the level of the international community

35. The New Agenda emphasizes the principles of shared responsibility and full partnership between Africa and the international community and calls for a new partnership for Africa's development. In pursuit of this, the international community has accepted that quality international support and cooperation are vital for Africa's development.

36. The international community should reinforce its support for Africa by increasing its focus on assisting African countries to make progress in the critical priority issues. It is also necessary to increase the level, scope and modality of resource flows through official development assistance, to improve the external environment particularly as it relates to external indebtedness, to support the diversification of commodities and to facilitate and enhance market access to Africa's exports.

37. In this context, a formula under discussion is the 20/20 initiative, by which on a voluntary basis donor countries reserve 20 per cent of their aid to the development of vital social sectors, while national Governments that are willing to do so similarly allocate 20 per cent of their national budget to these goals. This initiative, which would increase significantly and/or utilize more efficiently the resources allocated to social development, was discussed at an international meeting at Oslo in April 1996 by a number of interested countries, many from Africa, and multilateral organizations.

1. Improving the level, scope and modalities of aid

38. Given that many African countries, especially the least developed countries, continue to face economic difficulties that make their access to private credits impossible, there is a strong case for increasing the volume and

concessionality of development assistance to Africa. In addition, the quality of international support to Africa's development efforts will need to improve significantly in the 1990s. Central to this change is the acceptance by the donor community that African countries are in a stage of transition that it is willing to support.

39. Some of the measures that need to be examined by the donor community and African countries individually and collectively include the following:

(a) Focusing aid resources on Africa's own priorities through adhering to well-articulated priorities of the recipient countries. The need for re-channelling of aid flows to key priority development programmes in the context of sound macroeconomic policies ought to be recognized, the capacity-building requirements ought to be carefully examined, and technical assistance ought to be targeted to activities that fulfil that objective and phased out as local capacity develops. International support should not create new debts;

(b) Linking humanitarian and development assistance through allocation of more resources to conflict prevention and by giving priority to reconstruction in post-conflict societies. In recent years, Africa has witnessed a number of violent intra-State conflicts that have diverted a significant portion of domestic and international resources away from development and have become a major impediment to development. At the same time, a few countries are coming out of such conflicts but the situation there remains fragile. The efforts being taken by African countries, singly and collectively, to address conflict resolution and conflict management problems within Africa are most encouraging. However, unless these efforts are supplemented by international financial and technical assistance, they may prove inadequate. Consideration should be given to developing a response mechanism to attract appropriate assistance in post-conflict situations.

40. A comprehensive approach to conflict prevention and management, post-conflict reconstruction and development needs to be devised by the international community, including the United Nations, the multilateral financial and development institutions, interested donors and African countries along the following lines:

(a) Support the OAU Mechanism for the Prevention, Management and Resolution of Conflicts, and its Peace Fund;

(b) Strengthen the international community's early warning capacity to detect impeding conflicts;

(c) Encourage a coordinated donor response to meet the needs of post-conflict reconstruction that provides policy advice and assistance within a coordinated framework;

(d) Encourage African countries to reduce military expenditure.

2. Improving the external environment

41. Measures in this area include further alleviation of Africa's debt burden and enhancing Africa's export earnings through export promotion and diversification.

Further alleviation of Africa's debt burden

42. Over the years since the emergence of the debt crisis in the early 1980s, steady progress has been made in resolving the global debt problem. However, while the progress is noticeable for middle-income countries, it is less marked for low-income countries, especially African countries, despite the special facilities in their favour, including the enhanced concessional terms by the Paris Club and the concessional lending by the International Monetary Fund (IMF), the World Bank and others. The debt problem of Africa needs to be seen not only in terms of its sustainability from the point of view of the balance of payments, or even indeed budgetary balances, but also in relation to a country's actual and potential savings capability. Although individual countries have diverse debt-servicing profiles, external debt service claims nearly one fifth of its average savings, and over 4 per cent of its gross domestic product and debt service on multilateral debt accounts for nearly half of the total debt service or about 2 percentage points of the gross domestic product. Given the low level of savings in Africa and the need to supplement it with external capital flows, such a high proportion of domestic savings being pre-empted by external debt service cannot be considered sustainable. Further, given that almost half of the debt service is accounted for by the debt owed to multilateral institutions, a lasting solution of the debt problem of Africa cannot be found without also addressing the issue of multilateral debt.

43. The international community should consider further initiatives along the following lines to resolve the debt problem of African countries on a sustainable basis:

(a) With respect to commercial bank debt, commercial banks should be encouraged to accept deeper discounts in buy-back operations and lower interest rate on par bonds, and to devise options (such as less-than-full collateralization of principal) to reduce up-front costs. Furthermore, consideration should be given to providing additional resources for the World Bank's Debt Reduction Facility for International Development Association (IDA) countries;

(b) As concerns official bilateral debt, and as indicated by the G-7 summit in its Lyon communiqué of 28 June 1996, the Paris Club should be encouraged not to consider the 67 per cent debt-stock reduction agreed in Naples as the absolute upper limit, but to go beyond it if the individual circumstances of a country so justify it, including the country's savings potential and the ratio of debt service to savings. A recent joint analysis by the World Bank and IMF suggests that, for the majority of highly indebted poorest countries, the existing strategies and mechanisms are likely to be adequate with appropriate adjustment policies and concessional aid flows. However, for a minority of these countries, a debt relief up to 90 per cent of the net present value of debt would be required in order to restore this long-term external

sustainability. The Paris Club could also be asked to provide a guarantee of debt relief by giving up-front debt-stock reduction, especially in those cases where the countries have already demonstrated a good track record in the implementation of reform programmes;

(c) Regarding multilateral debt, the above-mentioned joint analysis by the World Bank and IMF, not only recognizes the magnitude of multilateral debt, but, more importantly, also makes proposals that cover this category of debt for the first time. These proposals have been endorsed by the Interim Committee of IMF and a definite decision should be forthcoming by the time of September 1996 annual meetings of the IMF/World Bank. These two institutions should be provided with the necessary encouragement, including resources (especially for the Enhanced Structural Adjustment Facility (ESAF) to implement their proposals.

Enhancing Africa's export earnings

44. The successful completion of the Uruguay Round, by providing greater access to the world markets for African products, holds promising possibilities for African exports in the long run. In the immediate short term, however, the net effect of the Uruguay Round may well be negative for many African countries, especially owing to the loss of preferences in the European Community, as indeed is acknowledged in the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries, taken at Marrakesh, Morocco. This adverse effect, if realized, would further cut back the growth and savings rates in Africa unless appropriate compensatory facilities, including further tariff reductions by the developed countries on African exports and assistance for food imports are provided to help African countries adjust to the new global market environment.

45. In the longer term also, benefits from open markets would be more significant and visible for Africa if African countries were able to increase and diversify their products for exports. In addressing this concern, the General Assembly, in its resolution 49/142, recommended the improvement of existing compensatory mechanisms, the expansion of opportunities offered by the Common Fund for Commodities and urged Member States to make an initial special contribution to finance the preparatory phase of commodity diversification projects and programmes in African countries. The international community should take steps to implement this resolution as the issue of the establishment of a diversification facility is now perceived by the African countries as a litmus test of the feasibility for the effective implementation of the New Agenda.

3. Coordination of economic assistance

46. Besides selectivity, another basic requirement is coordination of multi-donor assistance, especially in such areas as agriculture, infrastructure development and health where donor investments predominate. For improving the overall impact of economic assistance, a broader sectoral and integrated approach would be of primary importance. In this respect, the following measures appear necessary to strengthen donor operations:

(a) Economic assistance should support coherent sector strategies, and the objectives determined by the recipient countries should be respected by all donors;

(b) International assistance should be geared primarily towards the consolidation of nationwide capacities;

(c) All donors active in a given sector should strive to build common implementation and follow-up arrangements to avoid overtaxing the already limited capacities of Governments;

(d) Aid should be paired with minimal technical assistance that primarily aims at reinforcing local implementation capacity.

4. South-South cooperation

47. The experiences of advanced developing countries are of relevance to African development and suggest that South-South cooperation is a viable strategy for development. Its scope is immense and covers such areas as the transfer of technology and expertise, the provision of advisory services, training, joint ventures, trade and investment, agricultural and fishery development, education and research and poverty reduction.

48. To benefit fully from South-South cooperation, African countries should intensify consultations with other developing countries and establish the necessary governmental institutional setting to coordinate and strengthen South-South exchanges.

49. Advanced developing countries, including the newly industrialized countries, should pay special attention to African needs for South-South cooperation. They should take initiatives for consultations, business tours in Africa, fair exhibits, exchange of information and establish a network for exchange of experiences. Given the diversity of development levels within Africa, the potential for intraregional cooperation and assistance also needs to be tapped.

50. The United Nations system should intensify its South-South cooperation activities with African countries. To that effect, funding organizations and international financial institutions should allocate more resources to these activities, placing themselves as a third party in triangular arrangements.

51. Donor countries and the private sector should enhance their support for South-South cooperation with Africa by providing the necessary resources, information, expertise and technology transfer through their support for multilateral initiatives, bilaterally or through triangular arrangements.

III. CONCLUSIONS

52. The analysis of the progress made in the implementation of the New Agenda during the period 1992-1995 shows achievements in human, institutional and private sector development and reveals significant variations among African countries in their economic and social performance. As evidenced in the analysis, the effective and timely implementation of the New Agenda is contingent upon the political will of African Governments and their commitment to allocate adequate resources for this purpose. However, for African efforts to succeed within the time-frame of the New Agenda, they should be complemented by adequate and assured resource flows from the international community. The provision of an enabling external environment is also an important factor in this process.

53. In spite of the slow economic recovery in the early 1990s, most African countries have experienced socio-political changes that appear to open up for development. These include, inter alia:

(a) The trend towards democratization of political systems and along with it the growing demand for local and regional participation in the development process;

(b) An increasing recognition by African Governments of the important role of the private sector - domestic and foreign - in development and thus the need to provide an enabling business environment;

(c) The growing commitment among African countries for promoting subregional and regional cooperation and integration. This is evidenced from the concrete action taken by various subregional communities towards rationalizing and harmonizing a number of their activities with those of AEC;

(d) At the international level, the period 1992-1995 witnessed the active participation of Africa at world conferences and summit meetings held under the auspices of the United Nations. This should have a positive effect on advancing social and environmental development in the continent.

54. Notwithstanding the successes achieved by a number of African countries, there is still a pressing need to address continuing issues in the development process. Some of these issues are: (a) the need to adopt and apply the principles of good governance; (b) the persistent high rate of population growth and its effect on development; (c) the gaps in national capacities for implementing development programmes; (d) the persistent problems of civil war and displaced people; (e) the unmanageable external debt and debt-servicing obligations of Africa; (f) the stagnation of official development assistance and flows of foreign direct investment; and (g) the anticipated difficulties in adapting to a globalized world economy.

55. To achieve the major objectives of the New Agenda and especially the target growth rate of 6 per cent, it will be necessary to open Africa's production and financial sectors to the world and to step up the drive to attract more foreign direct investment inflows with a view to gaining access to external markets and integrating the emerging African economies more closely into the global economy.

Even more crucial will be the readiness of Africa's public and private sectors as well as households to boost their aggregate savings rate to channel a substantial share of economic output towards capital investment. African countries need to realize that Africa's future is in their hands. This requires more commitment by political leaders to the goal of achieving sustained and sustainable growth and development.

56. As the New Agenda deals with long-term development of Africa, a further commitment to a dynamic partnership between Africa and the international community is vital for the realization of the continent's potentials in the coming years. This in no way undermines the need for stronger commitment on the part of African Governments, their peoples and communities towards sustained growth and sustainable development of the African region.

ANNEX

Actions taken and progress achieved in the implementation of the United Nations New Agenda for the development of Africa in the 1990s

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I. ACTIONS BY AFRICAN COUNTRIES

1. The present annex contains a review of the achievements made in the implementation of the New Agenda since its adoption in December 1991. Under various priority issues, regional and subregional as well as some country-specific experiences are presented.

A. Sustained and sustainable growth and development

2. Twenty African countries, of which 19 are in sub-Saharan Africa, experienced negative growth in 1992. In 1993, 1994 and 1995 this figure dropped to 17, 15 and 4 respectively. This explains, in part, the improvement in overall economic performance at the continental level. In 1992, three countries - Burundi, Gambia and Mali - recorded a gross domestic product growth rate of 6 per cent, which had been set out in the New Agenda as the desirable average annual growth rate to be achieved by African countries. In 1994 and 1995, 10 and 12 countries respectively achieved this rate of growth. They were, in 1994, Angola, the Central African Republic, Equatorial Guinea, Eritrea, Guinea-Bissau, Lesotho, Morocco, Togo, Tunisia and Uganda; and in 1995, Angola, Benin, Côte d'Ivoire, Eritrea, Lesotho, Malawi, Mali, Rwanda, the Sudan, Togo, Tunisia and Uganda. Of the 19 countries that achieved gross domestic product growth rates in excess of population growth rates in 1995, 5 were from southern Africa, 7 were from East Africa, 4 were from North Africa and 3 were from West Africa. Mauritius and Botswana were the two countries that consistently recorded growth rates in excess of 5 per cent between 1992 and 1995. In this context, Africa is no longer an undifferentiated mass of poorly performing economies. Differences among individual African countries and groups of countries with the potential for rapid growth and socio-economic transformation have persisted, but current indications are that African societies and economies increasingly achieve real and sustainable economic growth. Statistical indicators on African economies are given in table 2 below.

3. In almost all countries, reform measures have been adopted to liberalize domestic prices and external trade. About 35 countries have made monetary adjustments. The ensuing results have been significant with respect to growth of food and agricultural production as well as exports. In the Communauté financière africaine (CFA) zone, countries that have accompanied the monetary alignment with rigorous public finance policies have increased their competitiveness and allowed exporters to gain more resources and have given impetus to private sector recovery by settling internal payment arrears. Important privatization programmes were carried out in North Africa, especially in Egypt, Morocco and Tunisia. The process has reduced the burden of public parastatals on government budgets and allowed a significant increase of the share of savings and investment in the gross domestic product. In this subregion too, trade policy, monetary and fiscal policy measures have allowed the economies of adjusting countries to gain a more diversified structure.

4. About 21 countries have taken steps to improve public finance management through improved methods of accounting. These countries include: Algeria, Angola, Botswana, Cameroon, Central Africa Republic, Côte d'Ivoire, Gabon, Guinea, Kenya, Lesotho, Malawi, Mali, Morocco, Mozambique, Namibia, Senegal,

South Africa, Tunisia, Uganda, the United Republic of Tanzania and Zambia. In Cameroon, for instance, the 17 largest public enterprises are now required to submit quarterly financial accounts, which provide information on their current operations and regularly updated forecasts on revenue and expenditure. In Lesotho, since March 1993 the budgetary process has included debate by parliament and dissemination of information on the budget to the public and the donor community. In South Africa, the parliamentary standing committees have recently become considerably more active in scrutinizing public expenditure and the activities of public officials. This has been done to improve the domestic economic management, including effective mobilization and utilization of domestic resources.

5. A large number of countries have taken special measures to improve efficiency and transparency in the tax system. Countries such as Benin, Burkina Faso, Malawi and Mali are reported to have introduced more rigorous controls on customs by simplifying the tax and tariff systems. In the Gambia and Uganda, the latest reforms include the computerization and reorganization of the customs department and the introduction of a taxpayer identification number. Zambia has made substantial improvements in the revenue collection, experiencing a sharp recovery from 14.4 per cent of the gross domestic product in 1993 to about 19 per cent in 1995.

B. Regional and subregional economic cooperation and integration

6. African countries have continued to strive for subregional and regional cooperation and integration. The coming into force in 1993 of the Abuja Treaty establishing the African Economic Community (AEC) was a major step and opened a new chapter in the history of African economic integration.

7. In North Africa, arrangements for subregional economic cooperation in the framework of Arab Maghreb Union (AMU) are in progress. An example of sectoral cooperation in the energy sector are plans by Algeria to supply gas for electricity generation in Morocco through the Europe-Maghreb pipeline, the construction of which began in 1994 and is scheduled to commence operation in 1997. Recently, the Libyan Arab Jamahiriya has also significantly increased its investment portfolio in Egypt. Egypt and the Sudan have yet to be integrated as full members of AMU although they still sit in on Union meetings as observers; Egypt has recently taken steps towards becoming a full Union member.

8. In East and southern Africa, a treaty ratified in December 1994 led to the transformation of the Preferential Trade Area for Eastern and Southern African States into the Common Market for Eastern and Southern Africa (COMESA). The achievements of COMESA in the implementation of the programmes for transport and communication include a consistent road user charge system approved on 1 April 1995. In cooperation with the European Union COMESA has also embarked on a project agreement to establish an Advanced Cargo Information System, initially in 10 of its member countries. These are: Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Sudan, Uganda, the United Republic of Tanzania and Zambia. Licensing procedures for heavy vehicles and COMESA third-party motor vehicle insurance schemes have also been established, while the formation

of a Multinational Coastal Shipping Line and the adoption of harmonized telecommunication policies are in the pipeline.

9. In East Africa, over the past three years, Kenya, Uganda and the United Republic of Tanzania resumed active discussions towards reviving the East African Cooperation (EAC) in trade, transport and communications, finance, and investment, as well as regional immigration and security. In March 1996, the secretariat of EAC was officially inaugurated at Arusha, United Republic of Tanzania, and the process of the adoption and harmonization of various cooperation and integration policies is under way.

10. The entry of South Africa into the Southern Africa Development Community (SADC) in 1994 has been looked at as a move towards a stronger subregional cooperation and integration. More recently, SADC has targeted itself for the elimination of trade barriers within the next two years and for the creation of a common currency system by the turn of the century. Attempts are also being made to find modalities on how to harmonize and rationalize SADC/COMESA activities with a view to avoiding duplication of efforts.

11. Consistent with the long-term vision of the Abuja Treaty and with a view to addressing the regional dimension of adjustment, 14 countries in East and southern Africa and the Indian Ocean, namely, Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe, have adhered to the Cross Boarder Initiative (CBI). The Initiative is co-sponsored by the European Union, the World Bank, the African Development Bank (ADB), the International Monetary Fund (IMF) and the three subregional economic groupings, namely COMESA, SADC and the Indian Ocean Commission (IOC). CBI is based on the principles of reciprocity, self-selection of jointly agreed policies and peer pressure. It is anticipated that the harmonization of exchange systems and trade policies, together with the removal of trade barriers between the participating countries, would lower transaction costs and efficiency gains that a larger regional market would provide.

12. The two main cooperation intergovernmental organizations in the Central African subregion, the Economic Community of Central African States (ECCAS) and the Central African Customs and Economic Union (UDEAC), have each embarked on a programme of sectoral cooperation in the areas of food and agriculture, industry, transport and communication. Within the institutional framework provided by AEC, ECCAS has adopted a tax and customs reform resulting in a single and simplified common external tariff, a generalized preferential tariff of 20 per cent for intra-community trade and a turn-over tax, which is to pave the way for the introduction of value-added tax. Ultimately, the tax systems of the various countries will be harmonized. The third economic community in the subregion, Communauté Economique des Pays des Grands Lacs (CEPGL), is currently functionally inactive, owing to the unstable situation and insecurity in the area. Made up of three countries (Burundi, Rwanda and Zaire), CEPGL has achieved some success in the areas of energy, agronomic research and transport, despite the fact that the unresolved conflicts continued to delay the implementation of its comprehensive programme of economic cooperation and integration.

13. Meanwhile, significant institutional changes have also taken place at subregional levels in West and Central Africa between 1992 and 1995. In West Africa, the Council of Ministers of the Economic Community of West African States (ECOWAS) agreed in 1993 on a 10-year plan for the harmonization and rationalization of the West African intergovernmental organizations so that by the year 2005, all the remaining intergovernmental organizations (about 40 in all) would have to be transformed into specialized agencies of ECOWAS. This would include the merger of the West African Health Community and the Organization for the Campaign against Major Diseases, the transformation of the West African Clearing House into the West African Monetary Agency, and the harmonization of the activities of the Communauté Economique de l'Afrique de l'Ouest and the Mano River Union with those of ECOWAS. Also, seven members of ECOWAS (Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo), all members of the Union Monétaire Ouest-Africaine, signed, on 11 January 1994, a treaty establishing the Union Economique et Monétaire Ouest-Africaine, which subsequently absorbed the Communauté Economique de l'Afrique de l'Ouest.

14. Furthermore, in a radical departure from the Community's principal objectives, ECOWAS has acted as a regional peace-keeper by sending in a monitoring group, the ECOWAS Military Observer Group (ECOMOG), to monitor a cease-fire and install an interim Government in Liberia. While the problem of attaining a sustainable peaceful solution in Liberia remains unsolved, the regional efforts towards arriving at some peaceful solution is under way. On 24 July 1993, a Treaty was signed by all ECOWAS members, replacing that of 1975, and adding the role of regional peace-keeping into the ECOWAS list of objectives.

C. Intensification of the democratization process

15. Following the end of the cold war and the fundamental changes that have been taking place both politically and economically in the world at large, Africa has shown its determination to press ahead with the democratization of development and full implementation of the African Charter on Human and People's Rights and the African Charter for Popular Participation in Development and Transformation.

16. A number of African countries have moved from long-established one-party rule to a process of democratization. It is pertinent to note some concrete achievements made by some African countries in the democratization process. In South Africa, for example, a peaceful constitutional transition from apartheid to a new democratic and non-racial South Africa in 1994 has kindled domestic and international confidence in the country's future. Human rights and popular participation are today widely accepted ruling principles. In Mozambique, the peace accord and multi-party elections that followed in October 1994 were major landmarks in the country's search for a stable political environment and national reconciliation. In Ethiopia, a constituent Assembly elected through popular vote in the spring of 1994 approved the Constitution of the Federal Democratic Republic of Ethiopia in December 1994 leading to the National Assembly in August 1995 and putting an end to the Transitional Government towards the establishment of a federal Government.

17. During the 1990s, regional initiatives such as the OAU Mechanism for the Prevention, Management and Resolution of Conflicts have contributed to bringing peace in such countries as Angola, Comoros, Ethiopia, Eritrea and Mozambique, and to some extent in Burundi and Rwanda. The past and the ongoing peace-keeping activities by ECOMOG in Liberia should also be seen as an effort towards achieving a peaceful solution in that country.

18. Other initiatives in the direction of conflict resolution and post-conflict reconstruction are also noteworthy. Under a five-year grant from the Norwegian Government, the African Centre for the Constructive Resolution of Disputes (ACCORD) launched a peace-keeping training programme called "Training for peace". The first training seminar in November 1995 involved government representatives of the 12 SADC countries. Furthermore, the Study and Research Group on Democracy and Economic and Social Development in Africa (GERDDES-Africa) is now systematically conducting local seminars on governance in public administrations and law schools.

D. Investment promotion

19. The drive towards privatization of public enterprises and the general favourable macroeconomic climate now fostered in many African countries are telling positive signs of the determination by several of these countries to improve the investment climate. Although foreign direct investment flows to Africa in the early 1990s have been stagnant, centring around US$ 3 billion per year, a few middle-income African countries did experience increased flows in the last two years.

20. A study by UNCTAD entitled "Foreign Direct Investment in Africa 1995", reveals that foreign investment is profitable in Africa. For instance, an interregional comparison of profitability of foreign direct investment in Africa by foreign affiliates of the United States of America demonstrates that investment in Africa can be highly profitable. In 1992, net income as a share of owner's equity in Africa was 24 per cent, while that of the United States affiliates in Latin America and the Caribbean was 11 per cent. The figure is also higher than that in most developed country regions (11 per cent for all developed countries). Most of the profits of these affiliates have been generated in the primary sector.

21. The national regulatory frameworks conducive to foreign direct investment have evolved in many African countries, permitting easier repatriation of profit and providing tax concession and other incentives to attract such investments. In an effort to improve the investment climate and encourage the flow of investment, several African countries have eliminated certain restrictive laws, specially those on the repatriation of profits and ownership. The processes in Côte d'Ivoire, Ghana, Kenya, Lesotho, Mali, Morocco, Nigeria, Senegal, Sierra Leone, Tunisia and Zimbabwe have been documented.

22. Cameroon and the Central African Republic have managed to bring in line their investment codes in conformity with the provision of the UDEAC Treaty - a process towards harmonizing all the investment codes in the UDEAC subregion. The new investment codes offer international investors simplified, transparent,

and easy approval processes, including investment authorization services in one place. Furthermore, in August 1994, the Government introduced a business law, which harmonizes commercial legislation in the CFA zone. In addition, a number of incentives, such as tax holidays and repatriation of dividends, are also provided for in the new investment codes for foreign investment.

23. The Government of Ghana, as part of its economic recovery programme, has been pursuing a programme of divestiture of state owned enterprises. Under the Government's economic recovery programme, private investors in the divestiture are benefiting through the liberalization of imports and foreign exchange, as well as easy remittance of dividends, profits and fees abroad. In addition, trade regimes devoid of public intervention and reforms that have reduced company tax have helped make the business climate more conducive to investment.

24. In an effort to stimulate private-sector investment and growth, the Government of Uganda has made substantial progress in the politically sensitive task of returning properties expropriated from both foreigners and nationals under a former regime. Also, the foreign exchange market has been steadily liberalized, the latest step being the replacement of the foreign exchange auctioning in November 1993 by a fully liberalized inter-bank market.

25. The Government of Zambia, in order to facilitate a uniform policy on privatization and improve transparency in the management of parastatals, has decided to close the parastatal holding company and transfer its remaining responsibilities to the Ministry of Finance and the Zambian Privatization Agency. Liquidation proceedings started in 1994 for both Zambia Airways and the United Bus Company. The political decision to close Zambia Airways demonstrated again the Government's strong commitment to the reform programme.

26. In Ethiopia, domestic private participation in freight forwarding and clearing has been allowed, and the domestic private investors can now engage in banking activities. The implementation of the new land leasing policy has started, with the first urban land auction conducted in January 1995.

27. A number of countries went further in opening up their economies for foreign enterprises involvement in sectors that in past years were restricted to State-owned enterprises. For instance, Burkina Faso, Mali and the Niger have adopted liberal mining codes and successfully attracted private investments, both domestic and foreign.

E. Human dimension

28. The imperative of human development was recognized in Africa as far back as the early 1980s. In this regard, noteworthy landmarks are the Khartoum Declaration adopted at the International Conference on the Human Dimension of Africa's Economic Recovery and Development (1988), the African Charter for Popular Participation in Development and Transportation (1990), the World Summit for Children (1990), the World Conference on Education for All at Jomtien, Thailand (1990), the International Conference on Assistance to the African Child (1993), the African Platform for Action adopted by the Fifth Regional Conference on Women at Dakar (1994), the African Common Position on Human and Social

Development in Africa (1994) adopted by the ECA Conference of African Ministers responsible for Human Development in preparation for the World Summit on Social Development.

29. The achievement of regional and global goals by African countries requires the active involvement of all levels of civil society. As part of national reviews of progress towards these goals, appropriate consideration should be given to measuring its positive contributions, analysing the constraints with which it is faced, and promoting its greater involvement.

30. The extent of overall progress achieved in Africa since the 1990 World Summit for Children can be gauged by the fact that 33 African countries have finalized their national programmes of action for children. A further 12 are at the draft or preparatory stage, making a total of 45 that have made significant advances. Noteworthy too is that, out of a total of 53 African States, as at 1 July 1996, 51 had ratified or acceded to the Convention on the Rights of the Child, which is further articulated in the African Charter on the Rights and Welfare of the Child of the States members of OAU. At the same date, 45 countries had become States parties to the Convention on the Elimination of All Forms of Discrimination against Women.

31. The role of women in development has been receiving due attention. This has been spelt out in various international forums, such as the International Conference on Population and Development held at Cairo in 1994, the World Summit for Social Development held at Copenhagen in March 1995, the Fourth World Conference on Women held at Beijing in September 1995 and the United Nations Conference on Human Settlements (Habitat II), held at Istanbul in June 1996. At the Beijing Conference, some 90 States announced very concrete commitments to improving the status of women in different areas. Among them were some 20 African Governments. Some of the commitments were to introduce new laws or amend existing ones to advance the status of women and eliminate de jure discrimination, improve women's economic situation and facilitate their access to credit, improve women's literacy level and health conditions, devise means to alleviate the problem of rural women, and increase women's position in politics and higher decision making. Apart from the fact that African countries, individually and collectively, have actively participated in these major conferences, a number of countries have begun implementing some of their commitments, for example, Burkina Faso, Kenya, Nigeria and Uganda, by promoting women's groups and increasing their participation in designing and implementing investment activities in rural areas. Some data show that representation of women in political life is increasing rapidly.

32. The HIV epidemic is continuing to spread steadily in Africa and has started to reverse some of the major development gains. Life expectancy at birth has already decreased in 15 countries (representing 54 per cent of total African population) and projections indicate that the decrease in life expectancy will continue and that the increase in mortality, including child mortality, will be significant well into the next century. On the other hand, some of the countries that are the most affected are starting to see the results of their efforts as the epidemic is starting to slow down. This should be an encouragement for African nations in collaboration with their development partners to redouble their efforts to combat the HIV pandemic.

33. Social safety net policies have been set in a number of countries, for example in Côte d'Ivoire, Ethiopia, Kenya, Mali, Mozambique and Uganda. In Côte d'Ivoire, Ethiopia and Uganda, for instance, this has centred around labour-intensive programmes to assist poor rural households in achieving increased agricultural production and incomes. In addition, credit facilities are extended to retrenched and retired civil servants to enable them to create self-initiated income generating activities.

34. Longer term social expenditure policy aimed at maintaining or even increasing real government expenditure on social services has been observed in several African countries. In Malawi and Zimbabwe, for instance, measures such as the waiving of user fees for primary health and education services for the poor have been enacted. In Kenya, user fees for health services have been waived for children under five years of age and civil servants below a specified age. In Ethiopia, Mali, the United Republic of Tanzania and Zimbabwe the authorities have sought to reduce military expenditure or other outlays in order to increase social expenditure.

F. Environment and development

35. There is now consensus on the positive linkages between sustainable environment and development. This recognition has been reinforced by and found expression in the 1992 earth summit of world leaders, the United Nations Conference on Environment and Development, which translated the new environment and development agenda into a comprehensive plan for national and international action. On their part African countries, in response to the Conference process, committed themselves in the African Common Position on Environment and Development to integrating environmental concerns in their existing and future sectoral policies. This is with a view to ensuring that such policies protect and improve the environment and natural resource base for the health and welfare of their peoples.

36. Environmental awareness in the African region has found expression in a number of agreements and declarations since the United Nations Conference on Environment and Development in 1992. A number of meetings and conferences have been held in African countries to adopt ongoing programmes and develop new ones in line with the recommendations of the Conference. Some of the major ones were:

(a) The ECA Conference of Ministers responsible for Social and Economic Planning and Development, which at its nineteenth session in May 1993 adopted the African strategies for the implementation of Agenda 21 by resolution 744 (XVIII). The Conference identified 7 cross-cutting priority areas out of the 24 as contained in the African Common Position on Environment and Development. The Conference also institutionalized the Conference of African Ministers responsible for Sustainable Development and Environment as a forum to review progress made in promoting sustainable development in the region with emphasis on the relationship between food security, population, human settlements and the environment;

(b) The African Ministerial Conference on the Environment. This is the lead regional intergovernmental institution responsible for environmental issues. At its fifth session, in November 1993, the Conference adopted new policy orientations to provide regional policy framework for national, subregional and regional environmental matters, including global negotiations concerning the environmental conservation issues in promoting the sustainable development of the region;

(c) The meetings of the major subregional intergovernmental organizations on environment and development, e.g., the Permanent Inter-State Committee for Combating Desertification in the Sahel, the Inter-Governmental Authority on Development for the horn of Africa and SADC.

37. In addition, OAU in close collaboration with the United Nations Environment Programme (UNEP), ECA, the United Nations Sudano-Sahelian Office and the United Nations agencies, has been active in the region in developing initiatives in the implementation of the recommendations of the United Nations Conference on Environment and Development. ECA has also initiated a number of activities concerning environment and development. In this regard, within the framework of building and utilizing critical capacities in Africa for sustainable development, ECA has carried out a study on capacity building in the area of environment policies. ECA also developed draft guidelines for monitoring progress made in Member States in building environmental management capacities for sustainable development. These were adopted at the first session of the Conference of African Ministers responsible for Sustainable Development in March 1996.

38. A number of African countries have formulated national environmental action plans to deal with environmental issues. Several countries have begun implementing investment programmes derived from these plans, including Burkina Faso, Ghana and Madagascar. In addition, several countries are implementing natural resources management components, notably Benin, Kenya and Mali. Projects financed by the new Global Environmental Fund have also started, including Ghana Coastal Management, Congo Wild Lands, Seychelles Bio-Diversity and Mauritius Bagasse Energy.

39. Some African countries have established new institutions, e.g., ministries, secretariats, commissions, task forces, etc. to deal with environmental and sustainable development issues. In other countries, existing legislation has undergone significant review for improvements in the light of the agreements reached at the United Nations Conference on Environment and Development.

40. Regarding integrating environment issues into key policies, plans and decision making, cooperation among various government agencies and non-governmental organizations has been both innovative and encouraging. A good number of African countries have given serious attention and priority to national capacity-building for sustainable development. Several bilateral aid agencies and United Nations agencies have been complementing the efforts of Governments in strengthening the institutional, managerial and technical capacity of the latter to implement sustainable development programmes.

G. Population and development

41. At the International Conference on Population and Development, held at Cairo in September 1994, 179 States, including African Governments, defined a new paradigm of population and development which goes beyond mere numbers of human beings and demographic targets to place the well-being of individual women and men at the centre of all activities aimed at achieving sustained economic growth and sustainable development.

42. At the national level, African Governments are strongly committed to integrated population and development policies, plans and programmes. Almost all countries have recognized that the high rate of population growth poses a major constraint to continued and sustained economic and social development. To date at least 38 African countries have adopted or are formulating an official national population policy; 30 countries have incorporated population factors into their "full" development plans or structural adjustment "rolling" plans. In about 10 African countries, observers already foresee the beginning of "demographic transition".

43. With respect to reproductive health, almost all African countries are integrating family planning counselling and services as well as safe motherhood initiatives into their public health programmes. In line with the Programme of Action of the International Conference on Population and Development, Governments are also taking steps to expand services to include other aspects of reproductive health, including prevention of HIV/AIDS. The network of service delivery is growing, although convenient access to these services varies greatly among the countries of Africa. In a recent survey, of 41 responding countries in sub-Saharan Africa, 29 reported significant progress in expanding their family planning service networks and 28 indicated an increase in the use of such services. The same survey noted a wide range among the countries in the percentage of government health facilities that offer family planning services - from a low of 1 per cent to a high of 100 per cent. Such estimates are somewhat misleading, however, as they do not indicate the extent to which the services offered are either visible or truly accessible. The effect of increased accessibility, albeit still limited in most countries, is reflected in an increased contraceptive prevalence rate in 22 of 45 sub-Saharan African countries. In spite of these increases, however, prevalence remains below 20 per cent in all but six countries. Fewer than 15 per cent of couples use modern methods of contraception, and among married women more than 25 per cent are estimated to have unmet needs for family planning services. Improving reproductive health would be a major step in laying a solid basis for development in Africa.

H. Agriculture, rural development and food security

44. A good number of African countries have made significant progress in removing major constraints to the development of the agricultural sector. Deregulation of wholesale and retail prices of agricultural products, particularly cereals and fertilizers, and withdrawal from direct involvement in agricultural marketing and the provision of agricultural inputs have been realized. Private sector development of horticulture production in Kenya and

Zimbabwe, rubber in Côte d'Ivoire, pineapples in Cameroon and coffee in Kenya are examples of spectacular private sector successes involving Africans and foreign companies that can be multiplied many times. Food crop marketing in Benin, Ghana, Nigeria, Uganda and the United Republic of Tanzania by private marketing agents are further examples of successful private sector development in agriculture.

45. Several countries have also moved to consolidate more numerous agricultural extension projects created by donors into a more efficient and lower-cost national agricultural extension system. Recent evaluations of the teaching and visits extension systems in Kenya and Burkina Faso have shown extremely high economic rates of return. Similar progress has been made in Benin, Côte d'Ivoire, Ghana, Guinea, Malawi, Mali, the Niger, Nigeria, Togo, Uganda, the United Republic of Tanzania and Zambia. In addition, some of these extension systems have made special efforts to recruit women extension agents, and to develop messages designed to assist women. Kenya and Nigeria have been particularly effective in assisting women farmers. In Kenya, for instance, extension messages have been translated into vernacular languages since many rural women may not know Kiswahili or English.

46. Mali has been very successful in increasing cotton production in various regions. In particular, a project carried out in what used to be a food importing area in the south of the country has stimulated production of food crops as well as cotton. Reliable market schemes, the credit system and adequate storage facilities for the farmers have attributed to this success.

47. Farmer-managed savings and cooperatives in Benin, Burundi, Cameroon and Côte d'Ivoire have been supported by donors and Governments, and have shown considerable success. Cooperative coffee marketing enterprises in Kenya have shown success in the past, but this remained an isolated instance. There is a resurgence of interest in cooperatives in Cameroon, Uganda and the United Republic of Tanzania. Informal farmer organizations such as women's groups are no longer restricted anywhere. Pastoral associations and irrigation water associations are becoming stronger in the Sahel.

48. Food security projects were begun between 1991 and 1994 in six countries: namely Benin, Burkina Faso, Cameroon, Madagascar, Mozambique and Rwanda. In addition, food security strategies have been established in Kenya and the Sudan. Many donors have provided food for work and some dietary supplements. Indeed, there is increased food supply in those countries, which have been undertaking sound marketing and other agricultural policy reforms. On the demand side of the food security equation (i.e., affordability by households), Governments have stepped up measures of technological support to farmers in terms of better seed, animal health, extension services credit, and physical infrastructure (i.e., better roads) with a view to increasing farmers' incomes.

I. South-South cooperation

49. During the past five years, continuous efforts have been made towards the strengthening of South-South cooperation. Various steps being pursued by a number of Africa's subregional groupings for enhancing economic cooperation

within the continent have already been documented. The scope of South-South cooperation covers areas such as transfer of technology and expertise, the provision of advisory services, training, joint ventures, trade and investment, agricultural and fishery development, education and research and poverty reduction.

50. Some major donor countries have called for increased emphasis on South-South cooperation, its inclusion as a central element in the agenda for development and the convening of a United Nations conference on development (General Assembly resolution 49/126). This has contributed to the relaunching of South-South cooperation with Africa. In this respect, a number of initiatives related to the implementation of the New Agenda were carried out by the United Nations Development Programme (UNDP) Special Unit for Technical Cooperation among Developing Countries and included, inter alia:

(a) A meeting of over 20 African senior officials involved in public sector administration and management. The meeting worked out a strategy for enhancing productivity, accountability and responsiveness of public institutions in the region, which was reflected in the report of the Secretary-General on public administration and development (A/50/847-E/1996/7) submitted to the General Assembly at its fiftieth resumed session;

(b) The commissioning of a sourcebook on African food production and processing technologies for commercialization to promote indigenous African technologies and to bring research results into the productive sector;

(c) A capacity enhancement exercise in the area of agriculture, industry and technology, which was co-sponsored by the Government of Nigeria and included the participation of over 24 countries from Africa, Asia and Latin America and the Caribbean, reached agreement on over 270 proposals.

51. Other United Nations system institutions that have contributed to boosting South-South cooperation with Africa include the Economic Commission for Africa (ECA), which has been assisting African subregional groupings in their efforts towards harmonization and trade liberalization, among them supplemented by sectoral programmes in agriculture, infrastructure, transport, communications and monetary harmonization. The United Nations Conference on Trade and Development (UNCTAD) and the Food and Agriculture Organization of the United Nations (FAO) have provided technical assistance and advisory services to a large number of African integration and cooperation groupings. Non-governmental organizations and private voluntary organizations have provided a wide range of services and are taking part in networking and triangular arrangements involving other non-governmental organizations and the related associations, private voluntary organizations, universities, development agencies and recipient Governments.

52. An important step in the strengthening of the Africa/Asia cooperation was the Tokyo International Conference on African Development, followed by the Africa-Asia Forum: Sharing of Experiences. The Forum adopted the Bandung Framework for Asia-Africa Cooperation: Working Towards the Twenty-first Century, which constitutes a platform for interregional cooperation based on the sharing of experiences on policies and practices in the priority areas of the

New Agenda. A series of subregional workshops and seminars, including, in particular, regional workshops for East and southern Africa, and for West and Central Africa were held in 1995 and 1996.

53. Another initiative that is worth mentioning is the African-Latin American Institute, which has been designed to support collaborative relations between the two continents in the areas of trade and investment, social and economic development and educational, cultural and scientific exchanges. Furthermore, there is cooperation between OAU and the Latin American Economic System.

J. Role of non-governmental organizations

54. With the emergence of civil society as a result of political and economic reforms, non-governmental organizations play an increasing role in African development. They are no more under suspicious scrutiny from Governments. In several countries, non-governmental organizations prominently supplement Governments' efforts towards development programmes, for example in the mobilization of domestic resources, infrastructures development and education. Some Governments have integrated non-governmental organizations and professional organizations in decision-making on devising policy frameworks and early planning of programmes.

55. Concrete examples of partnership between State actors and civil society can now be spotted in several African countries. In Senegal, the municipality of Dakar launched, together with the Coordination of Youth Associations and Movements in the Urban Community of Dakar, a vast operation of cleaning the city, ensuring a satisfactory evacuation of household waste and a follow-up of efforts for environmental education provided by local authorities and State services. In Bobo Dioulasso, Burkina Faso, a local committee for dialogue, the Comité Local d'Animation et de Suivi, was established. It deals with the dynamics of local urban development. In Ghana, cooperation between the Government and the Ghana Association of Women Entrepreneurs led to the organization of the First Global Women Entrepreneurs Trade Fair and Investment in Africa, held at Accra in June 1996. In Cameroon, access by relevant non-governmental organizations to radio and television with a view to assuring gender balance in decision-making helped increase the number of women in municipal councils from 400 to 800 in recent elections. In Zimbabwe, cooperation between the Government and the Organization of Rural Associations for Progress facilitated the distribution of relief food supplies during the 1992 drought. Over the last three years, ACCORD has been training civic leaders in public policy negotiations and conflict resolution in South Africa.

II. ACTIONS BY THE INTERNATIONAL COMMUNITY

A. Donor community

56. The donor community has participated in and committed itself to supporting the implementation of the New Agenda. In addition, donor countries have taken several new measures in support of economic reforms, including development programmes and projects in Africa, peace-keeping and emergency relief

operations. The support of the international community in the implementation of the New Agenda may be broadly categorized in four main areas: official development assistance; external debt; market access; and foreign direct investment.

57. In the 1991 report for the final review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development, the Secretary-General estimated the official development assistance needed for the implementation of the New Agenda to amount to $30 billion in 1992, rising in real terms by 4 per cent annually. Bilateral and multilateral aid flows to Africa continued to increase in the 1980s, reaching the peak in 1990. However, since then, resource flows to Africa have declined; for example, net flows of official development assistance to Africa as a whole accounted for $25 billion in 1992 and declined to $23 billion in 1994. Official development assistance has been an important element for many African countries, especially sub-Saharan African countries. Bilateral official development assistance in real terms declined from a high of $13.9 billion in 1990 to $11.7 billion in 1993 to the sub-Saharan region.

58. There have been some improvements in the last five years regarding the modalities of aid to Africa, especially disbursement. An increasing share of official development assistance is going through the multilateral institutions, which generally lend in support of economic adjustment programmes. For example, official development assistance flows to those African countries implementing adjustment programmes supported by the International Monetary Fund (IMF) have grown more rapidly than for other countries without such programmes. Thus, between 1987-1992, average annual net official development assistance flows grew more than 40 per cent for Benin and the Gambia, 35 per cent for Mozambique and almost double for Uganda. This trend may be considered in conformity with the donors' commitment under the New Agenda to support Africa's reform efforts.

59. A positive element to declining official development assistance has been the increasingly concessional terms for such assistance to sub-Saharan Africa from countries of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD). For example, the average grant element of official development assistance is estimated to have increased by about 3 percentage points during 1992-1993 over that of a decade ago. Donor aid to Africa is now primarily in the form of grants. The loans from multilateral institutions including the World Bank and IMF are on concessionary basis.

60. Some OECD countries have been unable to fulfil their commitments owing to financial difficulties in their respective countries. However, some other OECD countries, particularly Norway and Japan, have fully adhered to the principle of additionality of aid resources to Africa as enunciated in the New Agenda (see table 1). While Norway topped as the highest aid giver in terms of its share of the gross national product in 1994, France, the United States of America, Germany and Japan ranked as the four major donors to Africa.

61. Some donors are channelling greater amounts of assistance through non-governmental organizations to improve the outreach of such interventions and support at the grass-roots level and to assist vulnerable groups and women.

62. In addressing the burning issue of African external indebtedness, a number of initiatives have been proposed to reduce the burden, especially for highly indebted least developed African countries. The initiative taken in 1992 by Canada, Denmark, France, Germany, the Netherlands, Sweden and the United Kingdom of Great Britain and Northern Ireland to cancel as much as $15.1 billion of official development assistance debt owed by the least developed countries, equivalent to 14 per cent of total concessional bilateral debt, benefited mostly the low-income African countries. In a similar move, the United Sates has announced its willingness to write off up to half of the debt owed to it by the poorest African countries eligible under the International Development Association (IDA). Equally important is the recent forgiveness by France, in January 1994, of an important share of the stock of the public debt of the 14 countries of the CFA zone, in the context of the CFA franc devaluation. The most striking feature of the recent debt relief initiatives is that many restructuring strategies have offered a conversion clause, giving ample room to debt for development swaps.

63. Notwithstanding the coming into force of the Uruguay Round of negotiations, African countries temporarily continue to enjoy preferential access to the European Union market under the Lomé Convention IV, the Global System of Trade Preferences Among Developing Countries (GSTP), the General Agreement on Tariffs and Trade (GATT) and other stabilization mechanisms. The conclusion of the Uruguay Round and the establishment of the World Trade Organization are major steps towards liberal market access. While the consequences of the Uruguay Round for Africa are detrimental in the short term, with the improved macroeconomic situation, realistic exchange rates for African currencies and market-oriented policies, Africa would, in the long run, be in a better position to penetrate export markets. Some donors have expressed their willingness to consider measures to protect Africa from the adverse effects of the Uruguay Round. Allied to this, the World Trade Organization would be the best institution to assist African countries to take advantage of the opportunities being afforded by the Uruguay Round.

64. Foreign direct investment can play an important role in providing development resources for Africa. In Africa, it is currently small and concentrated in just a few sectors. Moreover, foreign direct investment flows to Africa have stagnated in the early 1990s, at about $3 billion per year. The recent efforts made by many African countries at providing the business and investment confidence, and macroeconomic stabilization and structural reforms provide promising prospects of increased foreign direct investment flows into Africa. Donor countries could assist in stimulating additional foreign direct investment flows to Africa and thus make Africa more attractive to foreign investors.

65. More details on resource flows to Africa during the mid-term period of the implementation of the New Agenda will be provided in an addendum to the present report (A/51/228/Add.1).

66. The regional dimension of development, which is a major element in the New Agenda, has also been supported by a core of donors which view economic integration in Africa as an element of sustainability in the longer-term. In support of the process which had been started by African Governments, several

initiatives aiming at strengthening integration institutions have been taken by some of Africa's partners, especially in the Sahel, eastern and southern Africa region.

B. United Nations system

67. Since its adoption in December 1991, the implementation of the New Agenda has been a primary concern of the United Nations, under the leadership of the Secretary-General. Not only has African economic recovery and development been proclaimed one of the top priority issues of the United Nations in the 1990s, but more concretely a special programme of the United Nations medium-term plans (programme 45 of the medium-term plan for the period 1992-1997 and programme 6 of the medium-term plan for the period 1998-2001) and a special section of the programme budget for the biennium 1996-1997 (section 7-B) have been established for Africa. Institutional arrangements including the Office of the Special Coordinator for Africa and the Least Developed Countries in the Department for Policy Coordination and Sustainable Development, the United Nations Inter-Agency Task Force on Africa chaired and serviced by ECA and the Africa Recovery Unit in the Department of Public Information have been put in place to promote and support the consideration of the implementation of the New Agenda at the global and regional levels, coordinate system-wide efforts, increase and sustain awareness of Africa's critical economic and social situation and impulse concrete actions at the field level.

68. In addition, the Secretary-General established in 1992 a Panel of High-level Personalities to advise and assist him on African development. The Panel was recently fully reconstituted. The Panel reached conclusions and made concrete recommendations on a number of important issues, such as debt, diversification of Africa's commodities, financial flows, human resource development, peace, democracy and development, economic cooperation and regional integration and the role of non-governmental organizations. These conclusions and recommendations have been made available in a publication entitled "Priority Africa, Summary of the Work of the Panel of High-level Personalities on African Development".

69. Some of the actions taken by the United Nations to ensure the implementation of the New Agenda include co-organizing the initiative described in paragraph 53 above. The Asia-Africa Forum played a catalytic role with UNDP in the establishment of the South-South Cooperation Fund and the Asia-Africa Cooperation Fund. The United Nations has also worked to promote the dialogue between development actors in African development, especially to enhance cooperation with non-governmental organizations. Raising African emerging issues, advocating for vigorous support to Africa to avoid its further marginalization and ensuring that the continent remains a top priority of the international agenda have also been its primary concern.

70. Particular attention was given by the United Nations to the issues of Africa's external indebtedness and diversification of commodities. On the first issue and on the recommendation of the Panel of High-level Personalities on African Development, regular submissions were made to the Group of Seven at its

annual summits from 1993 to 1996. These have contributed to progress achieved on debt relief for African countries.

71. On the second issue, the proposal by the Secretary-General to establish a diversification facility for Africa's commodity stemming from his report to the General Assembly (A/48/335 and Add.1 and 2) and complemented by a further analysis (A/48/914) led to the adoption of General Assembly resolution 49/142. In this resolution, the Assembly invites States participants in the African Development Fund existing within the African Development Bank to make an initial adequate special contribution to finance the preparatory phase of commodity diversification projects and programmes in African countries. For their part, many African countries, especially the Gambia, Ghana, Namibia, Nigeria and South Africa have actively embarked on commodity diversification programmes and projects.

72. At the request of the Committee for Programme and Coordination and in compliance with the provision of paragraphs 39 and 40 of the New Agenda (sect. II of the annex to General Assembly resolution 46/151), the United Nations system-wide plan of action for African economic recovery and development was established in 1992 and revised in 1994. Following its consideration of a policy paper on African development in September 1994, the Administrative Committee on Coordination, which gathers under the leadership of the Secretary-General, all executive heads of the United Nations system organizations, including the Bretton Woods institutions, decided to prepare and launch the Special Initiative on Africa.

73. Various agencies and organizations of the United Nations system have, to a great extent, adapted their programmes towards the achievement of the major objectives of the New Agenda. New programmes and additional resources have been directed to key priority areas, including human development and capacity-building, basic health and the control of pandemics, food and agriculture, natural resources and environment management, and the promotion of women in development.

74. The New Agenda and other instruments incorporate provisions showing international support for Africa's informal sector and its role in the development process. In this connection, the United Nations system organized an international workshop on informal sector development in Africa in New York in June 1995. The workshop recommended that an international task force be set up to design a specific programme of support for Africa's informal sector. The programme of support is currently under preparation.

75. The diversification and reinforcement of production systems have been strongly advocated and support programmes have been carried out through projects and programmes designed by UNIDO and FAO to increase production and improve the competitivity of products. Several measures have been taken in implementation of the second Industrial Development Decade for Africa. These measures relate to increased production, promotion of inter-African trade, vertical diversification of industrial production and capacity-building for industrial development through strengthening Africa's technological capabilities and thus enhancing its competitiveness in the global economy. Increased financial loans

and support programmes have been directed towards the development of the private sector and the setting up of viable enterprises.

76. As for assistance for the mobilization of internal and external financial resources, the implementation of programmes aimed at reinforcing informal and formal financial systems has contributed to promoting domestic savings in African countries. Other programmes have been developed to restore the debt-servicing capacity of African countries in order to facilitate their access to external funds. Initiatives for debt reduction were undertaken and reinforced and led to the debt cancellation of close to $1.5 billion.

77. The economic integration of African countries has been encouraged through support projects designed for economic groupings (ECCAS, ECOWAS and UDEAC) as part of the economic integration process of their respective regions. Actions have been undertaken by the joint OAU/ECA/ADB secretariat set up to support the establishment of AEC. Due attention has been paid to the development of transport and communications in the economic integration process through the Sub-Saharan African Transport Programme. The implementation of the second United Nations Transport and Communications Decade in Africa also benefited from consultant services. Projects for the computerization and dissemination of economic data were equally implemented.

78. In order to achieve human development, many programmes and projects have been designed to reinforce and develop human resources as well as to improve the health situation and living conditions. The development of human resources particularly through a better involvement of women in the development process has led to projects focusing on the participation of women in industrial development. Other actions were also undertaken to promote the role of women in social development and to support measures for women taken at the national level.

79. Actions aimed at achieving education for all led to the implementation by the United Nations Educational, Scientific and Cultural Organization (UNESCO), of the programme "Priority: Africa", focusing on the development of support projects with the view to formulating national policies for education, improving teaching aids and teachers' training. Particular attention was paid to South Africa through the implementation of a special programme entitled "Rebuild South Africa", the objectives of which were to harmonize education and consolidate democracy. Other programmes were carried out to increase female school enrolment through projects aimed at reducing the gender gap in primary education and through support projects to improve child education.

80. With regard to the improvement of the health situation, projects devised by the World Health Organization (WHO) were aimed at extending health activities and measures to the local level. Epidemiological surveillance systems have been put in place, and the coordination of HIV/AIDS control activities have been strengthened. Programmes to control diseases that are particularly widespread in the continent, such as malaria and leprosy, have been developed. Priority has been given to child care. Programmes aimed at iodizing salt and distributing vitamin A have been carried out. The implementation by the United Nations Children's Fund (UNICEF) of universal child immunization as well as the

intensification of oral rehydration therapy for children has contributed to the reduction of child mortality.

81. Concerted action is needed to tackle health problems around the world, in particular in Africa. One such concerted action is a joint United Nations programme - UN-AIDS - launched in 1993 by UNICEF, UNDP, UNFPA, UNESCO, WHO and the World Bank. This is an unprecedented joint venture of a common approach by the United Nations with a view to tackling a major problem in a coordinated and cost-effective manner. In Africa, UN-AIDS works with African countries on approaches that draw on interr ional "best practices", that build on what countries throughout the world have already put into place and take advantage of the experience and expertise they have accumulated over the past decade. Assistance is being provided in such areas as blood safety, behaviour change strategies, legal responses, medical care for curable sexually transmitted diseases, social marketing of condoms, and strategies to address the two-way links between AIDS and development.

82. In the field of employment promotion and capacity-building, the International Labour Organization (ILO) continued to implement technical cooperation projects in several African countries. Programmes included technical assistance to labour ministries, private employers and workers, organizations. Activities also included technical support to African regional and national networks for employment promotion, infrastructures development in rural areas and the development of formal and informal micro-, small- and medium-scale enterprises.

83. To improve living conditions and the quality of the environment, technical support projects and clean water distribution and environmental sanitation programmes have been carried out. With regard to environmental protection, programmes were designed to set up environment friendly production units and to promote the utilization of biomass energy. Programmes also focused on desertification control and soil degradation as well as the protection and regeneration of flora and forest cover.

84. In order to avoid the deterioration of the prevailing socio-economic situation, actions were undertaken to promote peace, support emergency relief, protect the environment and sensitize the international community to the African situation. Due attention was paid by the World Food Programme (WFP) and the Office of the United Nations High Commissioner for Refugees (UNHCR) to emergency relief programmes. These programmes focused on food aid to the victims of natural disasters or armed conflicts and on the rehabilitation of displaced persons and returnees. Several actions also focused on the provision of medical kits and on the rehabilitation and rapid reconstruction of educational systems.

85. Actions undertaken were designed to consolidate and speed up economic growth in Africa through the development of economic reform policies, promoting good governance, diversifying production systems, and promoting financial resources mobilization and economic integration. With regard to the implementation of economic reform policies, policy advice was provided by both the World Bank and IMF in the formulation of economic reform policies. Projects were set up to increase the ability of Governments to manage socio-economic policies as well as to support the promotion of good governance.

86. Activities related to aid co-sponsoring and coordination with the view to promoting capital flows to Africa have been carried out. The Special Assistance Programme of Sub-Saharan Africa has been able to mobilize over $12 billion for the period 1991-1996. Since 1991, financial loans for development projects stand at over $3.5 billion per year, 45 per cent being soft loans.

87. The New Agenda is consistent with the spirit of the special programme for Africa established by the World Bank in 1989 with the contribution of the major donor countries to support adjustments and reforms in Africa. The New Agenda sets out priority issues that have been forcefully promoted by the Global Coalition for Africa established in 1991 with the support of the World Bank, and following the Maastricht Conference of October 1990. As a major international initiative of the early 1990s, the Global Coalition for Africa has been conducting, at a high political level, a policy dialogue between Africa and its development partners on a wide range of issues, especially political and economic reforms.

88. The World Bank also established the Debt Reduction Facility with original capital of $100 million in 1989, which was replenished by $100 million in 1993. More recently, the World Bank has taken a lead role in working out the possibilities of radically treating multilateral debt owed to the international financial institutions.

89. In addition to its continued response to Africa's adjustment needs through the Extended Fund Facility, the Structural Adjustment Facility and the Enhanced Structural Adjustment Facility, IMF has expanded the scope of its emergency assistance procedure, which now gives a special consideration to post-conflict situations. The Fund, jointly with the World Bank recently proposed a strategy to resolve the external debt of a number of heavily indebted low-income countries, including some in Africa.

90. A strategic approach to food and agriculture development has been adopted, thus underscoring the need to restore the path of development while responding to growing emergency needs. Efforts were intensified in early warning systems for food-related disasters, with a view to enhancing production, rehabilitating rural infrastructures, supporting women producers, integrating food processing, trading and distribution, and promoting horizontal and vertical diversification.

91. In support of the improvement of food security, FAO has devised clearly focused programmes to serve the development of agriculture, forestry, fisheries and nutrition, including the special programme on food production in support of food security in low-income food deficit countries and the Emergency Prevention System for Transboundary Animal and Plant Pests and Diseases.

C. Non-governmental organizations

92. An impressive network of indigenous and international grass-roots non-governmental organizations have supported a wide range of developmental actions in Africa, especially in the major areas of fostering community participation, promoting self-help employment among rural women and the youth, uplifting the poor and protecting the right of consumers. Across Africa,

indigenous and international non-governmental organizations have striven to empower the people by providing credit and business inputs, improving food security, protecting the environment, launching local credit schemes and promoting family planning and welfare.

93. Persistent conflicts and an increased number of refugees and displaced people have broadened the scope and role of non-governmental organizations. For example, in Liberia, Rwanda and Somalia non-governmental organizations have been in the forefront of emergency operations and activities aimed at the reconstruction of social and economic infrastructures in such war-torn countries.

94. The superior ability of non-governmental organizations in reaching the poor and the needy is widely acknowledged by other social partners in Africa's development. This justifies the increasing support of the non-governmental organization movement by the donor community, as confirmed by the Copenhagen Declaration on Social Development adopted by the 1995 World Summit for Social Development (A/CONF.166/9, chap. I, resolution 1).

95. Since the International Conference on Popular Participation in Development held at Arusha, United Republic of Tanzania, in 1990, the emerging role of non-governmental organizations has been reaffirmed. Its legal basis in relation to the New Agenda is found in paragraphs 21 and 41 of the New Agenda (sect. II of the annex to General Assembly resolution 46/151), and in paragraph 6 of General Assembly resolution 50/160. The Secretary-General has reaffirmed the role of non-governmental organizations in Africa's development process in numerous official statements, particularly during the second meeting of the Panel of High-level Personalities on African Development held in Rome in April 1993.

96. The United Nations structures responsible for the mobilization of international support and monitoring the implementation of the New Agenda have strengthened their cooperation with non-governmental organizations through constant consultation on priority issues of African development, and through the preparatory mechanisms for important intergovernmental processes including: the Brainstorming Workshop on Non-Governmental Organizations and African Development organized by the United Nations Office of the Special Coordinator for Africa and the Least Developed Countries in New York in January 1995; the parallel event to the high-level segment of the Economic and Social Council on Priority Africa: A Policy Dialogue Among Development Actors, held at Geneva in July 1995; work of the United Nations Office of the Special Coordinator for Africa and the Least Developed Countries with non-governmental organizations during the Non-Governmental Organization Forum and the Fourth World Conference on Women at Beijing in August and September 1995; and the ECA Forum for African Voluntary Development Organizations (FAVDO) symposium on the role of non-governmental organizations in the implementation of the New Agenda, held at Saly, Senegal, in November 1994.

97. Besides the growing involvement of non-governmental organizations in the implementation of the New Agenda and in partnership with many African Governments in the field as described in the present report, non-governmental organizations have also been encouraged to participate in the mid-term review of

the New Agenda. Non-governmental organizations have prepared a background information report on the implementation of the New Agenda.

D. Special initiative on Africa

98. The need to forge further the United Nations system-wide coordination, including the Bretton Woods institutions, and collaborative approaches to African development, and to reconcile these with development priorities as defined by African countries themselves, justified the launching of the Special Initiative on Africa. The Special Initiative is a significant and unique system-wide partnership framework for the mobilization of support for a region. It is meant to give new impetus and serve as operational wing to the New Agenda.

99. The Special Initiative is built on 20 priority action programmes, with five major components, including water, basic education for all, health, capacity-building for governance and food security. The strategy and resource requirements for the latter component will be developed following the forthcoming World Food Summit. The Special Initiative is drawn from the objectives of the New Agenda and has its innovative features in the practical implementation arrangements at the country level and in the effective synergy resulting from enhanced cooperation between African countries, United Nations agencies and bilateral and multilateral donor agencies.

100. The support of the international community is crucial for the success of the Special Initiative. Such support implies the mobilization of financial resources that may be needed to implement programmes and projects designed within the goals of the Initiative. On the other hand, the United Nations system should rapidly move to concrete actions, reinforce cooperation with Africa's bilateral and multilateral partners, and more specifically build and sustain the required synergy.

Table 1

Official development assistance flows to Africa, 1983-1994
(Millions of United States dollars)

	Africa	
	1983-1984 a/	1993-1994 a/
Total official development assistance (net)	10 435.2	21 958.9
Development Assistance Committee countries, bilateral	6 766.7	13 628.1
Australia	58.4	60.4
Austria	75.0	98.7
Belgium	183.0	230.1
Canada	332.9	321.1
Denmark	128.1	376.4
Finland	64.4	88.0
France	1 241.9	3 873.2
Germany	799.1	1 480.9
Ireland	0.0	32.7
Italy	357.8	934.4
Japan	371.5	1 349.8
Luxembourg	0.0	17.0
Netherlands	301.7	533.8
New Zealand	0.2	2.9
Norway	172.5	337.6
Portugal	0.0	201.1
Spain	0.0	172.9
Sweden	254.9	487.5
Switzerland	96.5	198.0
United Kingdom of Great Britain and Northern Ireland	281.6	571.7
United States of America	2 047.5	2 260.0

Source: OECD, Geographical Distribution of Financial Flows to Aid Recipients, Paris, 1996, and World Economic and Social Survey, 1996 (United Nations publication, Sales No. E.96.II.C.1).

a/ Two-year average.

Table 2

African economies at a glance

	Population		GNP per capita ($)		GDP (Million $)	GDP annual growth	Total debt (Million $)		Debt service as percentage of exports		Food production per capita (1979-1981=100)		Infant mortality (per 1 000 live births)		Life expectancy (years)		Adult literacy (5)		Primary school enrolment		Access to safe water (Percentage)	
	1995 (Thousands)	1991-1995 Annual growth population rate	1991	1995	1995	1991-1995	1991	1994	1991	1994	1992 (1)	1995 (2)	1991 (3)	1994 (4)	1991 (3)	1994 (4)	Percentage adult	Percentage of adult female	1990 (3)	1993 (4)	1991 (3)	1994 (4)
Algeria	28 581	2.19	2 186	2 001	57 194	0.40	28 636	29 899	68.4	55.3	124.2	125.1	50	54	65	67	41	55	96	99	71	79
Angola	11 072	3.06	1 079	831	9 204	-2.17	8 775	10 608	5.8	2.5	79.2	69.1	170	170	46	46	29	43	93	91	35	32
Benin	5 235	1.89	408	441	2 307	3.45	1 300	1 619	6.3	8.2	117.1	112.8	89	85	47	47	19	31	66	59	54	50
Botswana	1 433	2.36	2 806	2 985	4 249	3.50	543	691	3.4	3.9	60.8	62.6	62	42	60	65	55	67	115	116	53	93
Burkina Faso	10 352	2.28	300	325	3 366	3.95	956	1 126	9.2	20.7	129.0	125.6	120	89	48	47	7	17	36	38	69	78
Burundi	6 343	2.32	219	228	1 445	3.15	960	1 126	31.5	25.2	88.8	81.2	108	106	49	50	19	32	69	69	38	70
Cameroon	13 275	2.28	1 015	813	10 797	-2.16	6 278	7 275	20.5	16.5	74.9	75.8	66	69	54	56	44	57	101	101	22	50
Cape Verde	419	2.36	1 059	1 069	448	2.55	159	170	9.2	12.0	106.7	89.8			67						71	
Central African Republic	3 429	2.10	499	463	1 587	0.59	864	891	8.2	12.4	93.0	100.0	106	103	50	49	41	51	64	69	12	18
Chad	6 361	2.25	242	237	1 506	1.84	606	817	4.4	8.3	102.6	91.8	125	119	47	47	29	43	57	65		24
Comoros	653	2.97	450	423	276	1.68	175	186	5.1	5.1	81.9	80.5			55							
Congo	2 590	2.42	1 261	1 113	2 883	-0.10	4 744	5 275	23.4	51.5	91.3	75.9	83	82	54	51	59	69			38	38
Côte d'Ivoire	14 401	2.98	790	734	10 567	1.47	18 847	18 451	39.1	37.4	89.3	89.4	93	90	53	51	24	34	70	70	18	72
Djibouti	511	2.44	1 048	961	491	0.66	197	247	4.6	2.2					48						47	
Egypt	58 519	1.76	906	911	53 302	1.87	40 671	33 358	16.7	14.6	117.5	124.5	62	41	60	63	34	48	97	102	89	80
Equatorial Guinea	400	2.13	464	425	170	0.36	249	291	7.5	3.0					47							
Ethiopia	58 039	2.47	116	101	5 863	-0.38	3 475	5 059	25.4	11.7	18.9		125	117	46	47	21	31	38	22	19	25
Eritrea														117		50						
Gabon	1 197	2.69	4 670	4 400	6 015	0.63	3 843	3 968	6.8	10.4	81.2	75.0	97	91	53	53	45	67			68	68

	Population		GNP per capita ($)		GDP ($Million)	GDP annual growth	Total debt ($Million)		Debt service as percentage of exports		Food production per capita (1979-1981=100)		Infant mortality (per 1 000 live births)		Life expectancy (years)		Adult literacy (5)		Primary school enrolment		Access to safe water (Percentage)	
	1995 (Thousands)	1991-1995 Annual growth population rate	1991	1995	1995	1991-1995	1991	1994	1991	1994	1992 (1)	1995 (2)	1991 (3)	1994 (4)	1991 (3)	1994 (4)	Percentage adult	Percentage of adult female	1990 (3)	1993 (4)	1991 (3)	1994 (4)
Gambia	980	2.08	361	360	343	2.04	350	419	16.5	19.0	90.1	68.6		129	44	45	20	34		69	77	48
Ghana	17 453	2.42	423	464	8 092	4.32	4 210	5 389	26.9	24.6	107.9	130.3	84	76	55	56	46	59	75	74	57	56
Guinea	6 700	2.46	486	515	3 453	3.67	2 626	3 104	16.0	16.3	95.5	107.2	138	131	44	44	18	32	34	42	32	55
Guinea Bissau	1 073	1.75	265	272	292	2.27	654	817	47.4	12.7	104.5	112.0	143	137	43	43	37	50	59	60	25	53
Kenya	27 885	2.71	363	349	9 721	1.90	7 013	7 274	32.2	33.3	99.8	80.5	52	61	60	56	62	72	94	95	30	53
Lesotho	1 977	2.00	330	344	681	2.88	428	600	4.7	4.5	55.4	46	82	106	57	60	57	68		106	48	52
Liberia	3 039	3.37	699	390	1 184	-6.04	1 986	2 975			63.3	52.7	131	144	54	55	18	34	34	40	55	46
Libya	5 407	2.81	6 394	5 609	30 330	0.15	4 295	4 844	8.4	10.4	96.3	53.9	72	64	62	63	54	69			94	97
Madagascar	14 155	2.66	237	229	3 244	2.01	3 716	4 134	34.3	7.6	81.6	79.9	113	100	55	56	73	81	92	79	22	29
Malawi	11 304	2.51	201	174	1 965	-0.40	1 676	2 014	27.9	17.5	56.2	59.6	144	140	48	46	37	53	67	66	56	47
Mali	10 797	2.57	254	250	2 703	2.25	2 531	2 939	4.9	27.3	91.1	89.1	108	119	45	46	17	25	23	26	38	37
Mauritania	2 335	2.31	511	530	1 237	3.06	2 298	2 326	16.7	23.3	79.1	87.4	120	114	47	51	24	36	51	63	66	66
Mauritius	1 130	0.80	2 449	2 887	3 262	4.16	991	1 355	9.4	6.9	114.3	102.8	22	19	70	70	75	80	103		95	99
Morocco	28 260	1.93	1 022	974	27 534	0.96	21 218	22 513	27.6	32.1	101.6	106.0	72	48	62	63	26	39	68	69	61	55
Mozambique	16 359	2.45	90	93	1 521	3.08	4 700	5 491	12.3	23.0	61.3	84.9	170	161	48	46	19	36	68	60	24	33
Namibia	1 688	2.53	1 544	1 449	2 446	1.28					65.2	70.1	73	62	58	59				124		57
Niger	9 102	2.65	318	281	2 561	0.16	1 653	1 570	47.5	26.0	77.3	77.9	127	191	46	46	5	12	28	29		54
Nigeria	126 929	2.52	310	306	38 709	2.19	34 497	33 485	25.2	19.6	125.2	152.7	86	114	52	50			70	70	48	40
Rwanda	8 330	2.76	343	163	1 359	-11.43	844	964	17.5	11.8	78.0	63.2	112	80	50	47	44	55	69	77	64	66
Sao Tome	133	1.91	446	421	56	0.73	164	252	25.0	25.0	59.9	69.1			66							
Senegal	8 387	2.18	762	726	6 087	1.18	3 522	3 678	19.7	11.3	96.4	110.3	82	60	48	49	19	29	58	59	54	52
Seychelles	74	0.83	5 028	5 446	403	2.45	201	170	9.3	8.2					70						100	
Sierra Leone	4 740	2.15	204	176	834	-0.82	1 290	1 392	9.1	100	79.4	75.6	146	164	42	39	14	27	53	48	42	34

	Population		GNP per capita ($)		GDP ($ Million)	GDP annual growth	Total debt ($ Million)		Debt service as percentage of exports		Food production per capita (1979-1981=100)		Infant mortality (per 1 000 live births)		Life expectancy (years)		Adult literacy (5)		Primary school enrolment		Access to safe water (Percentage)	
	1995 (Thousands)	1991-1995 Annual growth population rate	1991	1995	1995	1991-1995	1991	1994	1991	1994	1992 (1)	1995 (2)	1991 (3)	1994 (4)	1991 (3)	1994 (4)	Percentage adult	Percentage of adult female	1990 (3)	1993 (4)	1991 (3)	1994 (4)
Somalia	10 173	2.66	69	42	425	-7.09	2 435	2 617				76.7	125	125	46	47	14	25	15	12	37	37
South Africa	42 741	1.91	2 717	2 581	110 322	0.87		16 600		5.4		64.5		52		63	79	80		109		70
Sudan	28 960	2.24	396	351	10 165	-0.19	15 907	16 961	4.0	0.2	82.9	121.2	102	74	51	53	23	41	50	52	21	60
Swaziland	859	2.19	1 179	1 198	1 029	2.51	258	237	3.5	2.5	76.3	80.2			57						53	
Tanzania	30 742	2.71	99	92	2 818	1.24	6 460	7 442	24.1	20.4	74.2	76.7	112	106	54	52	50	63	64	68	56	50
Togo	4 138	2.57	418	363	1 502	-0.28	1 356	1 455	7.5	7.6	97.2	84.1	88	83	54	55	30	46	103	100	71	63
Tunisia	8 933	1.66	1 670	1 874	16 740	4.02	8 297	9 254	22.7	18.4	115.6	97.9	45	28	67	68	47	60	115	120	68	99
Uganda	20 405	2.41	213	234	4 777	4.33	2 830	3 473	63.8	44.2	90.8	101.5	110	111	52	45	44	57	70	71	20	34
Zaire	43 814	2.55	210	152	6 678	-3.83	10 704	12 337	7.5	4.5	92.1	85.2	117	120	53	52	61	72	78		34	27
Zambia	9 381	2.26	469	432	4 049	0.59	7 279	6 574	40.6	31.2	70.6	79.4	112	114	54	49	65	74	95	97	59	50
Zimbabwe	11 536	2.36	694	638	7 362	0.66	3 429	4 368	27.6	26.9	42.9	52.9	61	57	60	54	77	83	125	119		77

Source: All data ECA secretariat except

(1) FAO. ECA secretariat 1993.

(2) FAO. ECA secretariat 1996.

(3) ECA data on the basis of UNICEF. The state of the world's children 1993 and UNDP. Human development report 1993.

(4) ECA data on the basis of UNICEF. The state of the world's children 1996 and UNDP. Human development report 1995.

(5) 1990. Last data available.

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IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Report of the Secretary-General

Addendum

Estimates of projected resource requirements

SUMMARY

The present document was prepared by the Economic Commission for Africa pursuant to General Assembly resolution 50/160 A of 22 December 1995 and contains estimates of the projected resource requirements from all sources needed for the full implementation of the New Agenda and the assessment of the actual mobilization of resources for the period 1992-1995.

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I. INTRODUCTION

1. In the early 1990s, the majority of African countries continued to suffer from structural weaknesses and the region's economic crisis was not being alleviated. Far from improving the socio-economic conditions and overall living standards of Africans, the situation deteriorated. To address this bleak outlook, the General Assembly, in its resolution 46/151 of 18 December 1991, adopted the United Nations New Agenda for the Development of Africa in the 1990s.

2. The New Agenda set some desirable targets, the attainment of which was founded on the principles of shared responsibility and global partnership between Africa and the international community at large, including:

(a) A gross national product growth rate, in real terms, of at least 6 per cent a year, so as to double the average income per person in African countries and to impart an economic dynamism to poverty reduction over the next 20 to 25 years;

(b) A level of official development assistance of US$ 30 billion in 1992, increasing by 4 per cent a year on average over the entire programme period;

(c) Debt-servicing payments that do not exceed $9 billion annually (in 1992 dollars).

3. The figures suggested by previous studies of the African Development Bank (ADB), the World Bank and the Economic Commission for Africa (ECA) on external resource requirements for African economic recovery up to the year 2000 ranged from $50 billion to 60 billion annually (in 1992 dollars), including official development assistance inflows, loans, foreign direct investment, and debt alleviation and cancellation arrangements.

4. At the mid-point of the implementation of the New Agenda, it would be difficult to state precisely the degree to which the various set objectives have been met. None the less, a comparative analysis of the financial commitments entered into, against resources actually mobilized over the period 1992-1995, may provide insights into the level of involvement and investment by African countries and the international community in the quest for economic recovery and sustainable development.

II. FINANCIAL RESOURCES REQUIRED FOR THE IMPLEMENTATION OF THE NEW AGENDA

A. Domestic resources

5. African countries have encountered a number of difficulties over the past decade in their efforts to mobilize and deploy financial resources for economic development. Mainly because of the prevailing low rates of both public and private saving, lack of competitivity in international trade and some ill-adapted economic policies, African countries did not succeed in mobilizing

the aggregated $82.5 billion that were to come from Member States to support the implementation of the United Nations Programme of Action for African Economic Recovery and Development over the period from 1986 to 1991.

6. To address these constraints, African countries have committed themselves to implementing various measures within the context of medium- to long-term development strategies and policies. Measures taken to raise the level of savings include: (a) providing positive interest rates and better stabilization policies; (b) tighter public expenditure control mechanisms to promote public-sector savings; (c) development of long-term, high-interest savings schemes; and (d) more efficient deposit systems and structures, restructuring the main banking systems as well as encouraging the increased use of "tontine" schemes (savings mechanisms, in use in certain countries, that operate outside the mainstream banking and financial system).

7. To curb erratic fluctuations in export commodity prices and improve international market conditions for export commodities, proposed policy measures focused on: (a) commodity diversification; (b) enhancing intra-African trade; (c) pursuing existing export revenue stabilization mechanisms, such as the System of Stabilization of Export Earnings (STABEX) and the System for Stabilizing Export Earnings in the Mining Sector (SYSMIN) schemes under the Convention between the European Community and the African, Caribbean and Pacific States, and the Compensatory Financing Facility (CFF) sponsored by the International Monetary Fund (IMF).

B. Addressing the debt overhang

8. There is a strong conviction on the part of policy makers in Africa and the international community as a whole as to the urgency of the need for more imaginative strategies to scale down the continent's debt burden to manageable levels. Therefore, in accordance with the measures suggested in the New Agenda, efforts should be stepped up and refined to keep the levels of debt service payments within reasonable limits, i.e., a ceiling for the region, set at $9 billion annually.

C. Foreign aid

9. The international community has recognized that African countries are in transition and has committed itself to lending support to that process. International support in the pursuit of the objectives of the New Agenda reflects that commitment. However, given the budgetary constraints facing some of the developed countries, the clarification of foreign aid objectives, the new conditionalities governing the granting of assistance, the difficulties facing the donor countries of the Organization of Petroleum Exporting Countries (OPEC), the dismemberment of the Economic and Monetary Assistance Committee and the heightened competition among various regions for aid packages, the prospects for achieving the objective of $30 billion in official development assistance flows to Africa beginning from 1992, and an annual growth rate of official development assistance flows of 4 per cent, constitute a formidable challenge.

10. Multilateral aid, which mainly comes from funds and contributions managed by international and regional cooperation and development agencies, is essentially provided by the European Development Fund (EDF), ADB, the United Nations system and the Bretton Woods institutions. The latter have fully supported the principles enunciated by the Development Assistance Committee (DAC) and, in addition, have emphasized the need to scale back the role of the State, particularly in public enterprise and public-sector participation in virtually all sectors of the economies concerned (foreign exchange transactions, education, urban development, infrastructures and other socio-economic areas) and to give freer rein to market forces in order to achieve economic growth.

11. The ADB group, in its operational programme for the 1990s, released in 1991, outlined its programme of action for boosting economic growth and sustainable development in Africa. On the basis of a projected funds outlay of $3 billion per year, on average, throughout the 1990s, it sought to give attention to programmes and projects that contribute to poverty reduction, and to human resource development through investment in rural economic development, education and health. In addition, it reflected a major commitment to private-sector development and regional economic integration.

III. ASSESSMENT OF THE ACTUAL MOBILIZATION OF FINANCIAL RESOURCES UNDER THE IMPLEMENTATION OF THE NEW AGENDA OVER THE PERIOD 1992-1995

A. Generation and mobilization of domestic financial resources

12. Africa has shown signs of recovery over the past two years but growth has obviously been checked by the lack of a stable enabling environment for implementing economic policies, and also by the high inflation and acute budget deficit which ate up an excessive share of available national savings, reducing the resources available for investment. The savings trend and investment rates, as shown by the results of the economic reform policies undertaken by African countries, was relatively stable over the period 1990-1995 (see table 1).

13. The savings rate fell from 19.0 per cent of the gross domestic product in 1991 to 18.1 per cent in 1995. Over the same period, the investment rate rose from 21.2 to 22.4 per cent of the gross domestic product. Although the total investment reached $95 billion in 1990, it still fell short of the 25 per cent rate, which is normally the minimum level assumed to ensure Africa's economic growth and a steady growth of the standard of living per capita. This relative stability reflects various changes in the resource mobilization and allocation policies pursued by the public and private sectors in all sub-Saharan countries and Communanté financière africaine zone countries.

Table 1. Origin and use of savings (as a percentage of the gross domestic product)

	1990	1991	1992	1993	1994	1995
World						
Savings	23.0	22.6	22.0	22.0	22.9	23.4
Investment	23.8	23.5	23.3	23.3	23.7	24.0
Developing countries						
Savings	25.3	24.4	25.1	25.8	27.4	27.9
Investment	25.8	26.1	26.9	28.5	28.6	29.0
Africa						
Savings	18.6	19.0	16.7	15.1	17.4	18.1
Investment	19.3	21.2	20.9	19.6	21.1	22.4

Source: IMF, World Economic Outlook, 1996.

14. In the early 1990s, several African countries tried to control the budget deficit in a stringent manner. The deficit in sub-Saharan Africa was thus reduced, on average, from 10.6 per cent of the gross domestic product in 1989 to 6.5 per cent of the gross domestic product in 1994. 1/ Contrary to economic development and recovery goals, the reduction in the budget deficit was attained through drastic cuts in the infrastructural budget which accounted for only 25 per cent of public expenditure in 1994, as against 46 per cent of total public expenditure in 1990. The social sectors (health and education) also experienced considerable cuts. Despite the reduction of budget deficits as a percentage of the gross domestic product, public savings did not increase. In fact, public savings fell rather sharply in sub-Saharan countries from 2.6 per cent of the gross domestic product at the end of 1990 to 1.2 per cent of the gross domestic product at the end of 1993.

15. The drop in public savings was offset by private savings, which rose faster than the fall in public savings. Investments were kept in check (as a percentage of the gross domestic product) with the introduction of the incentives system and by applying tax reforms which provided for tax exemptions for the productive sectors and new investments. In 1992, Côte d'Ivoire set up a tax system reform programme to eliminate tax barriers to economic development. Botswana, Kenya, Mauritius and the United Republic of Tanzania started applying financial reforms aimed at improving private sector financial control and coordination, and stepping up and mobilizing domestic savings. 2/

16. Africa's poor financial sector did not make for the adequate fulfilment of the crucial function of savings mobilization and financial resource allocation. A smoothly run financial sector can help to bring about a more efficient allocation of real resources. 3/ The structure of the financial sector and

financial laws prevailing in several countries were reorganized and enhanced to build greater investor confidence in the financial intermediation process. Many bank-specific reform programmes were embarked upon in several countries. The means used ranged from financial repression relief (by aligning interest rates with market equilibrium levels and by cutting back on selective credit policy programmes) to restructuring and recapitalizing ailing institutions, boosting appropriate financial infrastructures for the hinterland and creating new financial instruments.

17. In addition to savings, another source of domestic resources was revenue from foreign trade. Trends in international trade have become very important to African countries. It was quite disturbing to see Africa being marginalized from the international trade arena. In the early 1990s, exports from Africa accounted for only 2 to 3 per cent of the total volume of international trade. With the exception of a few oil-exporting countries, most African countries whose main exports were agricultural produce and mineral resources experienced a serious decline in their terms of trade. Exports from Africa could not penetrate potential markets owing to obstacles placed in their way. Many products suffered and continue to suffer the adverse effects of industrialized countries' agricultural policies, which tend to depress the world market prices of food products.

18. The balance of trade plummeted from plus $4.2 billion in 1990 to minus $8.2 billion in 1994 (table 2). As spelled out in section I above, the causes for the loss in resources experienced over the past two years run counter to some of the commitments made under the New Agenda. This is because:

(a) African countries and developing countries as a whole still find it difficult to control the prices of commodities;

(b) Despite efforts deployed to invest in the various price stabilization mechanisms, including agreements to production quotas, the terms of trade could not be kept from deteriorating;

(c) The quota system with regard to access to the industrialized markets is still in place.

Table 2. African trade indicators, 1990-1995

	1990	1991	1992	1993	1994	1995
Terms of trade index	+7.3	-9.2	-4.1	-5.0	+0.5	+1.5
(1990 = 100)	100.0	90.8	87.1	82.7	83.0	86.0
Exports (US$ billions)	94.9	96.5	94.2	87.9	89.6	97.9
Imports (US$ billions)	90.7	91.7	96.5	93.5	97.8	108.9
Trade balance (US$ billions)	4.2	4.8	-2.3	-5.6	-8.2	-11.0

Source: Socio-Economic Research and Planning Division, ECA.

B. Trend of foreign direct investment in the region 4/

19. Foreign direct investment is an important development factor, in that it is accompanied by the transfer of technologies and human skills, which are not readily available in developing countries. Over the past 10 years, foreign direct investment flows soared worldwide, except in Africa.

20. Since the early 1990s, less than 2 per cent of total foreign direct investment flows worldwide have come to Africa (see table 3). The level of flow has fluctuated around $3 billion yearly. In absolute terms, this volume is comparable to that of 1985, when the economic crisis in Africa bottomed out. Foreign direct investment flows to Africa mainly concentrated on the petroleum industry which had the highest rates of return, notwithstanding the political instability, crisis and conflicts, in countries such as Angola. Nigeria and Egypt alone attracted nearly three quarters of foreign direct investment inflows to petroleum-producing countries, accounting for 40 per cent of total foreign direct investment.

21. Foreign direct investment concentration in oil-producing countries should not conceal the fact that countries such as Côte d'Ivoire, Morocco, Namibia and Swaziland have been able to attract a considerable portion of foreign direct investment since 1991. Other countries like Benin, Ethiopia and Senegal, which experienced a severe decline in foreign direct investment during the previous decade, have managed to arrest and even reverse this trend as a result of reforms and with the advent of an encouraging economic outlook. Angola, the Libyan Arab Jamahiriya and Morocco are among the countries that recently registered a significant rise in foreign direct investment and the highest gross domestic product growth rates. The monetary readjustment in CFA zone countries did little to attract more foreign direct investment flow than in previous years, although the conditions were ripe for such an increase.

22. The condition of the least developed countries with respect to foreign direct investment is today of great concern. The dire economic problems of these countries, namely, the acute debt burden, the narrow domestic market and poor infrastructures, all deter foreign investors. Besides, a significant

portion of the little foreign direct investment that Africa received was directed to only a few countries, including Zambia.

23. Apart from the petroleum sector, foreign direct investment to Africa favoured the mining and industrial sectors. To this end, African Governments have embarked strongly on rationalizing mining laws, adopting new tax regimes and the divestiture of State-owned corporations. For instance, the Ashanti Goldfields Corporation of Ghana was privatized in 1994 and similar plans are in motion for ZCCM of Zambia. With a view to maintaining foreign direct investment flow in the industrial sector to avoid disinvestment situations such as those that took place in Nigeria in 1993, new directions are being pursued in industrial strategies and policies. More simplified investment laws have been enacted and currencies have been made convertible.

24. Despite all these efforts, Africa's marginalization in terms of foreign direct investment flow is comparable to its marginalization in world trade (see table 3). This situation is particularly worrying as foreign direct investment contribution to private investment in Africa is potentially high (given the low rates of savings and investment) and foreign direct investment provides the technical skills and technologies that Africa lacks.

Table 3. Foreign direct investment in Africa, 1981-1994

(In billions of United States dollars and percentages)

	Yearly average						Total
	1981-1985	1986-1990	1991	1992	1993	1994	1991-1994
World	57.2	158.1	162.3	163.4	184.5	204.0	714.2
Developing countries	19.4	26.1	40.3	53.2	71.8	83.6	248.9
Africa	1.7	2.8	2.8	3.3	2.9	3.5	12.5
Percentage share of Africa							
World	2.9	1.8	1.7	2.0	1.6	1.7	1.8
Developing countries	8.6	10.8	7.0	6.1	4.1	4.2	5.0
Africa							
Oil exporting countries	1.4	2.0	1.8	2.3	1.8	2.3	8.2
In percentages	83.7	72.2	65.0	69.6	62.5	66.1	65.6
Others	0.3	0.8	1.0	1.0	1.1	1.2	4.3
In percentages	16.3	27.8	35.0	30.4	37.1	33.9	34.4

Source: UNCTAD, 1995.

C. Debt structure and treatment

25. The debt overhang remained one of the foremost obstacles to Africa's economic recovery and sustainable growth. While other heavily indebted regions of the world, such as Latin America, have gradually emerged from the debt crisis, Africa continues to suffer from a crushing external debt burden. This debt is, however, the lowest in volume of all developing regions, but considering it on a per capita basis and the capacity of African countries to service their debt, it is indeed the heaviest. Africa's steadily rising debt, which has accelerated over the past years, does not reflect the development of liabilities ensuing from new investments and contributions from new financial assistance. This debt results from accrued arrears and its consolidation at interest rates applicable on money markets because of the inability of most African countries to settle their debts.

26. For several years, a consensus has been reached between African countries and the international community on the fact that efforts must be made to reduce Africa's debt burden in order to release resources to be allocated to development and enable Africa to resume sustainable growth. Initiatives in this regard included: (a) programmes applicable to bilateral debt, namely the Toronto Plan, the enhanced Toronto terms, the Trinidad and Tobago initiative, the Naples agreements, all applicable within the Paris Club and the Baule and Libreville plans applied by France to French-speaking African countries; (b) bilateral and multilateral debt relief programmes (Brady and Baker plans); and (c) market initiatives to restructure private debt, namely, buy-backs, swaps, trade-offs and conversions into bonds or equity shares negotiable within the London Club.

27. The application of these initiatives since the early 1990s has had limited effects because, on the one hand, they failed to match the magnitude and intensity of the nature of the debt overhang and, on the other hand, the three major components of the debt stock have changed. Bilateral debt is constantly rising and has remained the major component of external debt. Private debt, the majority of which is owed by North Africa, has, on the whole, dropped slightly and multilateral debt, whose steady rise has made up for private debt, represents a growing proportion of the total stock of debt.

28. Bilateral debt treatment has led to the gradual institution of the Paris Club initiatives that apply, depending on the classification of the countries as middle-income, slightly indebted or heavily indebted countries. Some benefited from the Toronto or the enhanced Toronto terms, making the Paris Club assume the role of provider of financial assistance previously channelled only through cooperation agencies. In 1993, Benin, Burkina Faso and Mozambique succeeded in rescheduling and restructuring their debts under the enhanced Toronto terms. Other countries benefited from the Houston terms, the Trinidad and Tobago initiative or, from early 1995, the Naples terms which grant additional reductions to the most heavily indebted countries.

29. The application of all these initiatives has afforded to African countries temporary but not absolute relief from their bilateral debt burden. This debt, which has continued to increase considerably, has been aggravated by huge accrued arrears of debt-servicing. The Paris Club system has been amended

several times so as to make the payment of official bilateral debt increasingly flexible. Despite the introduction of greater flexibility in the Paris Club, the actual modalities have not kept the outstanding debt position from worsening, particularly because of the attendant debt-servicing burden. 5/

30. Individually, the creditor countries that are members of the Paris Club have initiated unilateral plans to reduce the bilateral debt of some countries on the continent. The Scandinavian countries have been among the first countries to do so, followed by the Federal Republic of Germany, the United Kingdom of Great Britain and Northern Ireland, Switzerland, Japan and the United States of America. After the Franco-African summit, held at Libreville in October 1992, France established an official development assistance debt conversion fund of $830 million for four middle-income countries of the CFA zone, namely: Cameroon, the Congo, Côte d'Ivoire and Gabon. The idea is to provide such relief to the countries as would cancel part of their official debt and channel the proceeds into the execution of development projects. This "novel" initiative falls within a long-term perspective since it applies not only to the principal of but also to the interest on the debt outstanding. In 1994, the United States (for the first time within the Paris Club) proposed the cancellation of $228 million, corresponding to half of the debt of the 18 poorest African countries, by extending to them the enhanced Toronto terms.

31. Successive increases in unpaid debt during the past decade have eroded the solvency of African countries and have made it difficult to attract new investments from sources other than multilateral institutions. Consequently, the share of debt-servicing owed to multilateral institutions (IMF, the World Bank and ADB) as part of total debt-servicing obligations has increased. Multilateral debt-servicing amounts (which have increased rapidly) have long outweighed the capacity of most African countries to repay and arrears continued to increase. The active search for solutions to this problem proves that there is an awareness that the multilateral debt-servicing burden raises a serious problem.

32. A debt-service refinancing process has been operated by the World Bank within what is termed the "fifth dimension", by using resources of the International Development Association (IDA) for the heavily indebted low-income countries. Furthermore, the IDA debt relief fund, established in 1989, has successfully carried out, over four years, numerous operations to forgive the debt of the poorest African countries. It succeeded in redeeming for the Niger and Mozambique early in 1992 and Uganda in 1993, at an average price of 14 cents for each face value dollar, about $385 million of overall debt (see table 4). Similar buy-back transactions were prepared in 1994 and are currently being carried out for Ethiopia, Guinea, Mali, Mauritania, the United Republic of Tanzania and Zambia. The IMF's special drawing rights (SDR) accrual approach also reflects the seriousness of the multilateral debt overhang. This is also true of the discussions currently taking place at ADB to introduce either a "fifth dimension" or a mechanism for solving the serious problem of arrears.

Table 4. Debt relief fund exclusively for IDA countries

(In millions of United States dollars)

Country and year of agreement	Cancelled principal	Buy-back price as a percentage of the face value	Cost	World Bank contribution	Grants or concessional lending by
Niger (1991)	107	18	19.3	8.42	France Switzerland
Mozambique (1991)	124	10	13.4	5.91	France Netherlands Switzerland Sweden
Uganda (1993)	153	12	18.4	9.93	Germany EEC Netherlands Sweden

Source: World Bank data.

33. Taken together, the results recorded over the past four years fail to match expectations regarding debt rescheduling with multilateral institutions. The political and economic instability prevailing in many African countries, particularly those in sub-Saharan Africa, have prevented them from implementing the needed reforms and addressing their debt problems. This has adversely affected the holding of negotiations with the Bretton Woods institutions, thereby impeding, in many cases, the conclusion of debt rescheduling agreements.

34. The commercial debt constitutes a relatively small part of Africa's total stock of debt. In recent years, the commercial banks have practically not been lending to indebted African countries. The application of the Brady Plan, which has succeeded in reducing the debt of the main debtor countries in Latin America, is encountering serious difficulties in Africa. Within the continent, only Nigeria, which owes a heavy commercial debt, has been able to benefit from the Brady Plan under the auspices of the London Club. Niger, Mozambique, Sierra Leone, Sao Tome and Principe, Uganda and Zambia have succeeded in reducing most of their commercial debt, while benefiting from other debt reduction operations (debt buy-backs, conversions into low-interest securities and bonds, debt restructuring) proposed by the London Club to heavily indebted countries.

35. In spite of the many efforts made by both the international community (through the development of new debt rescheduling initiatives) and by African countries through the acceptance of economic constraints that condition and accompany the rescheduling process, the main external debt indicators have shown no significant improvement (see table 5). The outstanding debt has continued to rise and now exceeds $310 billion in 1994 as against $300 billion in 1991,

Table 5. Africa's external debt and debt-servicing

(In billions of United States dollars)

	1991	1992	1993	1994	1995
Total external debt					
Africa's total	299.9	297.3	301.7	312.2	322.4
North Africa a/	119.5	118.0	117.9	118.5	121.9
Sub-Saharan Africa b/	163.3	162.9	169.0	177.1	182.5
South Africa	17.1	16.4	14.8	16.6	18.0
Paid debt-servicing					
Africa's total	29.7	29.0	28.3	26.3	19.0
North Africa	15.8	16.1	16.3	16.5	9.1
Sub-Saharan Africa b/	10.2	8.6	7.4	8.2	9.9
South Africa	3.7	4.3	4.6	1.6	NA
Debt-servicing due					
Africa's total	44.1	39.8	39.8	38.3	NA
North Africa	23.1	18.4	18.5	18.1	NA
Sub-Saharan Africa c/	21.0	21.4	21.3	19.3	17.7
Percentage of debt/gross domestic product ratios					
Africa's total	67.1	65.8	66.1	71.6	65.3
North Africa	66.8	67.9	62.8	65.4	72.0
Sub-Saharan Africa c/	67.3	64.2	68.5	76.0	NA
Sub-Saharan Africa b/	102.1	98.9	107.9	126.0	120.4
South Africa	15.8	14.3	13.2	14.5	13.4
Debt/exports of goods and services					
Africa's total	223.3	216.7	228.0	231.3	249.6
North Africa	222.1	210.7	215.1	223.6	265.4
Sub-Saharan Africa c/	224.1	220.8	237.2	236.2	NA
Sub-Saharan Africa b/	310.5	312.7	338.7	334.2	358.4
South Africa	61.3	56.3	51.3	55.3	55.9

	1991	1992	1993	1994	1995
Debt-servicing/exports of goods and services					
Africa's total	22.1	21.1	21.4	19.5	NA
North Africa	29.4	28.8	29.7	31.1	19.8
Sub-Saharan Africa c/	17.3	15.9	15.5	12.0	NA
Sub-Saharan Africa b/	19.4	16.5	14.8	15.5	19.4
South Africa	13.3	14.7	15.9	5.8	NA

Source: ECA secretariat estimates based on the World Bank's World Debt Tables 1994-1995, World Economic Outlook 1996 and other sources.

a/ Including the Sudan.

b/ Excluding South Africa.

c/ Including South Africa.

representing 71.6 per cent of Africa's gross domestic product compared with 67.1 per cent over the past four years. The debts have become too heavy and the debt-servicing claim over the meagre export revenue has also been high, i.e., about one fifth of export earnings.

36. These general data notwithstanding, the situation has not been identical within the various African groups. The least developed countries, which received greater attention and special treatment, continue to suffer as much (if not more from the same debt burden) as other countries. The debt situation of middle-income African countries, which would have improved considerably given their potential, has not changed because (quite wrongly) their case was not sufficiently considered by the international community during the preparation of debt management programmes. The January 1994 devaluation has made the debt situation of countries of the CFA zone more disturbing. The debt burden has considerably increased in the local currency. However, it has been bearable so far because of a substantial (albeit temporary) increase in bilateral and multilateral grants and facilities.

37. The volume of debt-servicing has stabilized but, with an average of $28 billion over the past four years, it exceeds by far the yearly target of $9 billion recommended under the New Agenda. The variously successful strategies applied so far have laid emphasis on rescheduling (which increases the outstanding debt) and on limited debt cancellation. They have not made it possible really to release or make available to the economies the scarce development finance resources that still come partly from official development assistance.

D. Development of official development assistance

38. From 1973 to 1992, the total official development assistance for all developing countries registered a remarkable stability ranging from 0.32 per cent to 0.34 per cent of donor gross national product. In 1993 and 1994, this percentage dropped below 0.3 per cent of donor gross national product. This is all the more disturbing as it marks a further drift from the United Nations target set at 0.7 per cent of donor gross national product.

39. Official development assistance flows to Africa dropped from almost $25 billion in 1990 to less than $21 billion in 1993. An analysis of the sources of net official development assistance disbursements (see table 6) reveals a drastic drop in transfers from DAC countries, most of which are facing economic difficulties. The Gulf Arab States, which are the major OPEC donors, also experienced a considerably weakened economic and financial situation. This new situation substantially reduced the volume of overall official development assistance resources.

40. Over the past four years, official development assistance has been the essential component of external assistance for most African countries, and more particularly for sub-Saharan countries (see table 9). For countries in sub-Saharan Africa, the resource flows received yearly exceeded $17 billion and the shortfall recorded by North Africa is attributable mainly to the financial straits of OPEC countries. It is obvious that the overall drop in official development assistance arouses much concern, particularly for sub-Saharan countries that attract little private capital. However, the continent's least developed countries, which in fact depend most on official development assistance, were the least affected by this contraction.

41. Bilateral as well as multilateral aid components of official development assistance disbursements to Africa show distinct growth patterns.

42. Bilateral official development assistance to which donors have given priority has dropped drastically in Africa. Its main component is tied assistance. In the past, it has taken the form of a disguised export-oriented assistance, and has gone hand in hand with private investment since it serves as a guarantee for most major contracts, such as those related to building the economic infrastructure. Contrary to Africa, Latin America and Asia present reliable prospects and guarantees for private investment have been their greatest beneficiaries.

43. The grant portion of official development assistance to Africa has also recorded a sharp fall. Nigeria and Zimbabwe both experienced a reduction of $230 million in grants between 1993 and 1994. These new orientations adopted by donor countries with respect to bilateral assistance, show the will to make African countries face up to their responsibilities and the need to take charge of themselves.

Table 6. Total amount of net official development assistance disbursements to African countries members of the African Development Bank, 1990-1993

(In millions of United States dollars)

	1990	1991	1992	1993
All sources considered	24 588.2	24 058.7	23 674.8	20 261.9
DAC countries	15 045.8	15 618.5	15 189.0	12 539.7
OPEC countries	3 072.2	1 068.6	561.5	481.3
Multilateral bodies	6 246.7	7 081.1	7 706.6	7 087.7
including:				
ADF	594.7	612.4	662.7	666.7
IDA	1 901.0	1 924.0	2 011.8	2 149.7
Organizations of Arab countries members of Organization of Petroleum Exporting Countries	59.6	166.2	217.7	153.2

Source: Division of debt notification system, OECD, Paris, January 1995.

Table 7. Net official development assistance disbursements to African subregions, 1990-1993

(In millions of United States dollars)

Regions	1990	1991	1992	1993
North Africa	7 193	6 988	5 428	3 444
Sub-Saharan Africa	17 452	17 162	18 755	17 582
Others	491	532	520	428
Total	25 136	24 682	24 703	21 454
Total (1992 prices)	27 574	26 166	24 703	21 890

Source: OECD, Development Cooperation, 1994 Report, Paris, 1995.

Table 8. Financial resources committed by the United Nations system in Africa, 1991-1993

(In millions of United States dollars)

	1991	1992	1993
Development assistance	2 184	2 456	2 320
Concessional loans	2 039	2 099	2 263
Loans	1 198	876	868
	5 421	5 431	5 451

Source: "Financial resource flows to Africa from the organizations of the United Nations system", discussion paper No. 3, prepared by the United Nations Office of the Special Coordinator for Africa and the Least Developed Countries, 1994.

Table 9. Percentage share of emergency relief in United Nations development assistance to Africa, 1991-1993

	1991	1992	1993
UNHCR	13	11	14
WFP	37	42	40
UNICEF	11	12	14
Total	61	65	68

Source: "Financial resource flows to Africa from the organizations of the United Nations system", discussion paper No. 3, prepared by the United Nations Office of the Special Coordinator for Africa and the Least Developed Countries, 1994.

44. Multilateral official development assistance which represents contributions to international organizations, has developed differently from bilateral official development assistance. Africa for the past years, has greatly depended on multilateral resources which increased from $6.2 billion in 1990 to $7.1 billion in 1993. The main donors have been the United Nations system, the European Union, the ADB Group and IDA.

45. Through ADB, the African Development Fund (ADF) and the Nigeria Trust Fund, the ADB Group undertook, at the level of the continent, to mitigate the inability of countries of the continent to mobilize substantial foreign direct investment funds so as to give them concessional resources, which African countries find increasingly difficult to obtain at the international level. To a certain extent, it supported the economic and institutional reforms carried

out in many member countries of the region through adjustment loans. ADB Group disbursements, which totalled $1.8 billion in 1990, rose to $2.3 billion in 1994.

46. Since the beginning of the decade, the United Nations system has been the main source of Africa's external financial resources and Africa has been the foremost recipient region. Resources committed (development assistance, concessional loans and loans) have remained relatively stable. 6/

47. Within the framework of commitments of the United Nations system in Africa, the budgets of the main organizations involved in relief operations (the Office of the United Nations High Commissioner for Refugees (UNHCR) for refugees, the World Food Programme (WFP) for food relief and the United Nations Children's Fund (UNICEF) for children) on the whole recorded an increase in all United Nations disbursements in respect of development assistance (see table 9) while funds allocated to the United Nations Development Programme (UNDP) and other more development-oriented organizations were reduced.

48. Emergency relief, which is expected to continue rising, is merely short-term assistance granted at the expense of development financing. Indeed, what African countries need is long-term financing that would enable the continent to achieve self-sustained economic growth and face up to the problems with which emergency relief has to grapple.

IV. CONCLUDING REMARKS

49. Despite the efforts made by African countries to improve their use of official development assistance and the expressed concern of developed countries regarding the need to support Africa's development, the total volume of official development assistance to Africa has, since the beginning of the decade, dropped to about $20 billion. This amount is far below the objective set by the New Agenda of $30 billion of official development assistance flows which were expected to increase by 4 per cent yearly.

50. Although accurate data on some countries' performance over the period 1994-1995 and on trends over previous years were not made available, the various objectives of mobilizing financial resources for development under the New Agenda have been only partially achieved, four years after the new programme was launched. Notwithstanding the hardship that several countries consented to in implementing political, economic and social reforms, the overall situation, in 1996, can be summarized as follows: (a) savings and investment rates have remained weak; (b) terms of trade have deteriorated and there has been only a slight improvement in the development of the resources traded within the continent; (c) factors that determine the flow of foreign direct investment has not improved sufficiently to get Africa out of being marginalized with respect to flows of foreign direct investment; (d) the debt stock has not decreased and even though debt service is being paid and has stabilized at around $28 billion, the amount is still triple the ceiling recommended under the New Agenda; and (e) the volume of official development assistance has been declining. At a level of about $20 billion in the early 1990s, official development assistance flows fell short by $10 billion below the minimum recommended under the New Agenda.

51. Based on a growth model covering the period from 1993, a study conducted by ECA in early 1993 7/ on financial resources required for Africa's development in the 1990s predicted that the gross domestic product growth rate would reach 6 per cent by the year 2005. None the less, the assumptions made during that time and hence the conclusions arrived at, contradict today's realities. As compared with the predicted average gross domestic product growth rate of +2.2 per cent in 1993, rising to +4.1 per cent in 1998, the actual growth rate in 1993 was only +1.1 per cent.

52. With a recorded growth of +3.4 per cent in 1994 and +4.5 per cent in 1995, there is hope that future trends will confirm the forecasts. With regard to the projected trade balance deficit of $9.5 billion reaching $34.8 billion in 1998, although the foreign trade imbalance was only $6 billion in 1993 and $8 billion in 1994, the trade volume of exports and imports was about $10 billion short of the model forecasts. Moreover, terms of trade seriously deteriorated over the same period. Foreign direct investment, predicted to reach $7.1 billion in 1993 and $8.9 billion in 1998, amounted to less than $4 billion in 1993 and 1994. The anticipated steps to limit the debt stock and gradually reduce debt-servicing to what it was at the time the New Agenda was launched was not effected and while there has been a reduction in paid-up debt-servicing, the stock has increased and thus compounded further the debt issue in the future.

53. All these pitfalls do not stem from the lack of will and/or efforts but rather from the failure of the African countries and the international community to implement more sustained practical measures. While it is the primary responsibility of African States to bear the bulk of their development burden by tapping as a matter of priority their own financial resources, the rigid international economic environment, the domestic economic hardship and the lukewarm disposition of some creditors to adopt radical measures have constituted obstacles to the mobilization of financial resources and to the development of Africa. Most African countries will be unable to implement the economic reforms required for development without further domestic and foreign financial resources. Nor can Africans and the international community afford to see yet another international initiative for Africa's socio-economic recovery and development fail.

Notes

1/ Official Records of the Economic and Social Council, 1995, Supplement No. 18 (E/1995/38).

2/ Ibid., 1994, Supplement No. 18 (E/1994/38).

3/ Robert G. Kind and Ross Levine, "Finance and Growth: Schumpeter might be right", Quarterly Journal of Economics, volume 108, August 1993.

4/ See "Foreign Direct Investment in Africa", UNCTAD 1995, Current Studies, series A, No. 28.

5/ Report on Africa's external debt situation, p. 18, Contact Group on Africa's (external) debt, OAU/ECA/ADB joint secretariat, 1994.

6/ "Financial resource flows to Africa from the organizations of the United Nations system", discussion paper No. 3, prepared by the United Nations Office of the Special Coordinator for Africa and the Least Developed Countries, 1994.

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